

SCHOOL DISTRICT
OF
WASHINGTON TOWNSHIP

Washington Township School District
Board of Education
Washington, Warren County
New Jersey

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

Comprehensive Annual

Financial Report

of the

**Washington Township School District
Board of Education**

Washington, New Jersey

For the Fiscal Year Ending June 30, 2016

Prepared by

Washington Township School District

Board of Education

Finance Department

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Introductory Section

❧ *Washington Township School District* ❧
Board of Education
“Making a Difference”

Jean Flynn
Business Administrator/
/ Board Secretary
908-689-1119 x1606

District Central Office
Old Schoolhouse
One East Front Street
Washington, NJ 07882
908-689-1119
Keith T. Neuhs, Superintendent

Maureen Miller
Administrative Assistant
Executive Secretary
908-689-1119 x1605

August 31, 2016

Honorable President and
Members of the Board of Education
Washington Township School District
Warren County
Washington, New Jersey 07882

Dear Board Members:

The comprehensive annual financial report of the Washington Township School District (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 Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES: Washington Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Washington Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PreK through 6. These include regular, as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of 489 students, which is 32 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Resident Enrollment
6/30/xx

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
6/30/16	489	6.1% decrease
6/30/15	521	4.9% decrease
6/30/14	548	8.7% decrease
6/30/13	600	0.6% decrease
6/30/12	604	1.7% decrease
6/30/11	615	5.0% decrease
6/30/10	651	.8% increase
6/30/09	646	.9 % decrease
6/30/08	652	3.7% decrease
6/30/07	677	.7% increase

2. ECONOMIC CONDITION AND OUTLOOK: Expansion within Washington Township has leveled off during the past ten (10) years. Limited growth is projected for the next three (3) years. Impact on the tax levy should be minimal.

3. MAJOR INITIATIVES: Our District recently completed the second year of PARCC assessments under New Jersey's state assessment program. To prepare for PARCC the District first had to upgrade its technology equipment to support the requirements of the PARCC assessments. The District upgraded its Wi-Fi infrastructure by purchasing and installing new network switches, installing fiber connectivity between the buildings and increasing the district's internet bandwidth.

This year the District purchased 180 new iPads for student use. This purchase will allow students in grades three through six to have 1:1 iPad accessibility while providing all kindergarten through grade two classrooms to have access to at least ten iPads. In addition to the large investment in iPads, the District is providing all students in grades one through six with a personal Microsoft 365 account. This account will allow students to collaborate with each other, share documents on multiple devices and collaborate with staff members. The combination of individual iPad devices and Microsoft accounts will allow teachers to differentiate instruction and meet the individual needs of students.

The District has realigned its language arts and mathematics curricula to meet the new expectations of the New Jersey Learning Standards. Throughout the year, resources will be reviewed to match the needs addressed by the standards and PARCC assessments. The District has also revised its Science curriculum to meet the Next Generation Science Standards. Staff members will review curricular materials during the year to ensure students can meet the new standards.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of

reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations 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 Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service revenues for the fiscal year ended June 30, 2016 and the amount and percentage of increases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Local Sources	\$5,957,201	64.58%	\$ 119,934	2.05%
State Sources	3,038,140	32.94%	(719,516)	-19.15%
Federal Sources	<u>229,086</u>	<u>2.48%</u>	<u>1,568</u>	<u>.69%</u>
Total	\$9,224,427	100.00%	\$ (598,014)	-6.09%
	=====	=====	=====	=====

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2016 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Current expense:				
Instruction	\$3,710,461	40.25%	\$ (65,555)	-1.74%
Undistributed Expenditures	<u>5,033,846</u>	<u>54.60%</u>	<u>(408,284)</u>	<u>-7.50%</u>
Total	\$8,744,307	94.85%	\$(473,839)	-5.14%
Capital Outlay	195,872	2.12%	(91,434)	-31.82%
Special Revenue	<u>279,386</u>	<u>3.03%</u>	<u>14,333</u>	<u>5.41%</u>
Total	<u>\$9,219,565</u>	<u>100.00%</u>	<u>\$(550,940)</u>	<u>- 5.64%</u>

8. DEBT ADMINISTRATION: At June 30, 2016, the District's had no outstanding debt issues.

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

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

11. OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Company, LLP, was appointed by the Washington Township Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGMENTS:

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

Respectfully submitted

Signature: _____

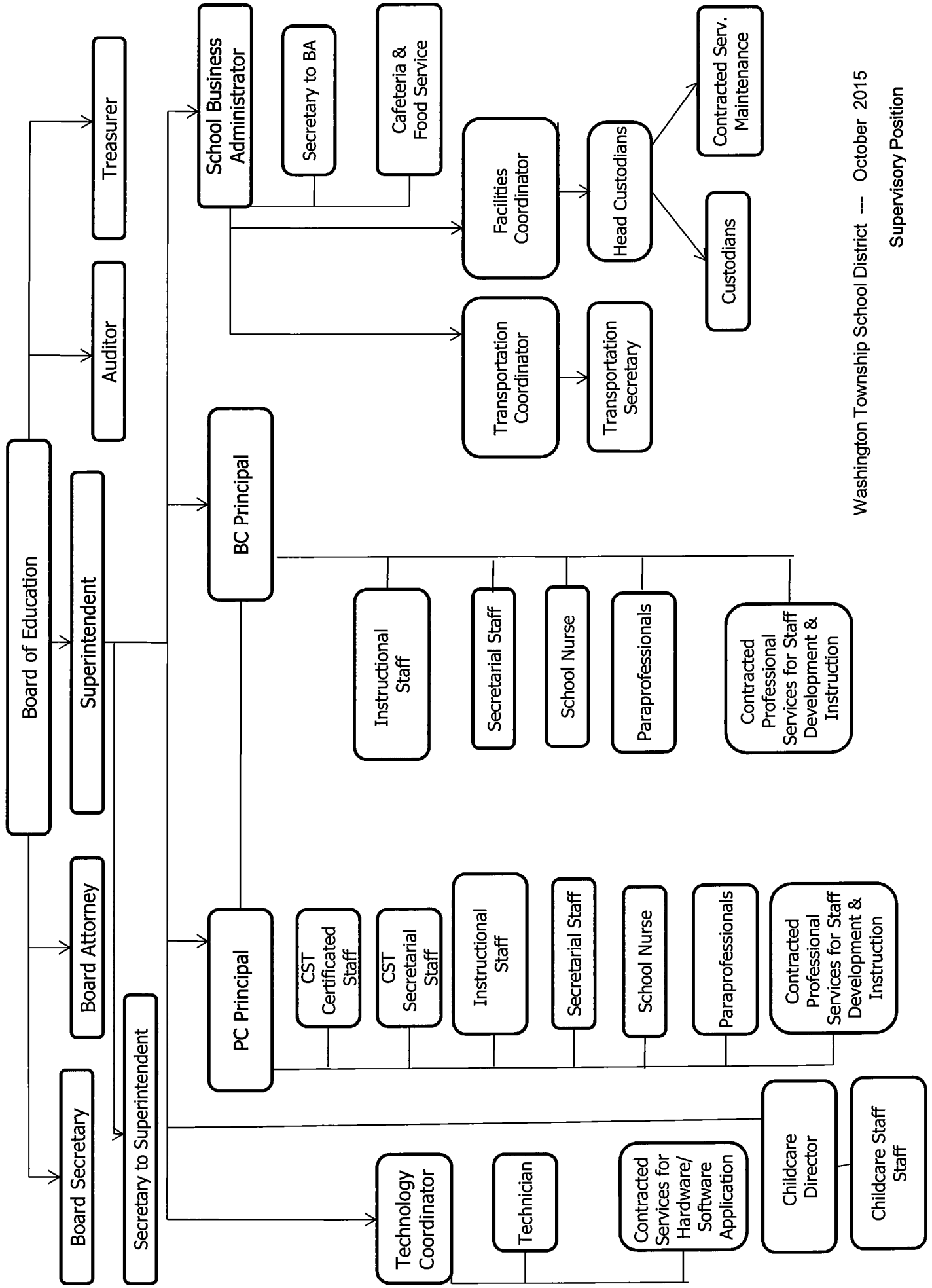
A handwritten signature in cursive script, appearing to read "Jani Lynn", written over a horizontal line.

Business Administrator

Signature: _____

A handwritten signature in cursive script, written over a horizontal line.

Superintendent/CSA



**WASHINGTON TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2016

Members of the Board of Education

Term Expires

Karen Graf, President	2016
Anita Smith, Vice-President	2018
Joesph Armstead	2018
Jude Mohan	2017
Kimberley Morris	2016
Laura Schlaffer	2017
John Trush	2018

Other Officials

Keith T. Neuhs, Superintendent
Jean Flynn, Board Secretary/School Business Administrator
James Miller, Treasurer
Nathana Simon, Attorney

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ARCHITECT

**Gianforaro
Architects-Engineers-Planners
501 Route 206 North
Chester, New Jersey 07930**

AUDIT FIRM

**Ardito & Co., LLP
1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825**

ATTORNEY

**Schwartz, Simon, Edelstein, & Celso
100 South Jefferson Road
Suite 200
Whippany, Ne Jersey 07981**

OFFICIAL DEPOSITORY

**Fulton Bank of New Jersey
157 Route 31, North
Oxford, New Jersey 07863**

Financial Section

Independent Auditor's Report



ARDITO & Co., LLP

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Frenchtown, New Jersey 08825-1192
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Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Washington Township School District
County of Warren
Washington, New Jersey 07882

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Washington Township School District Board of Education, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Washington Township School District Board of Education, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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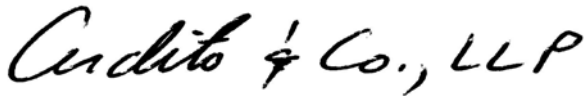
The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management 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 combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are fairly stated in all material respects in relation to the basic financial statements as a whole.


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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2016, on our consideration of the Washington Township School District Board of Education'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP
August 31, 2016



Licensed Public School Accountant No. 2369

**Required Supplementary Information -
Part I**

Management's Discussion and Analysis

WASHINGTON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

The discussion and analysis of Washington Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ◆ In total, Net Position increased \$31,794 which represents a 16.5% increase from 2015.
- ◆ General revenues accounted for \$5,858,501 in revenue or 51.1% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$5,616,680 or 48.9% of total revenues of \$11,475,181.
- ◆ Total assets of governmental activities increased by \$1,092,506, as cash and cash equivalents increased by \$1,117,560, receivables decreased by \$24,213, and capital assets decreased by \$2,479.
- ◆ The School District had \$11,443,387 in expenses; only \$5,616,680 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,858,501 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$9,652,273 in revenues and \$9,647,411 in expenditures. The General Fund's surplus balance increased \$4,862 over 2015, which compares favorably to the budgeted decrease of \$0.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Washington Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Washington Township School District, the General Fund is by far the most significant fund.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 23. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

Governmental Funds

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District’s Net Position for 2016 compared to 2015.

**Table 1
Net Position**

	<u>2016</u>	<u>2015</u>
Assets		
Current and Other Assets	\$ 1,785,428	\$ 690,443
Capital Assets	<u>2,358,926</u>	<u>2,361,405</u>
Total Assets	<u>4,144,354</u>	<u>3,051,848</u>
Deferred Outflows of Resources	<u>478,129</u>	<u>194,813</u>
Liabilities		
Long-Term Liabilities	39,700	63,980
Other Liabilities	<u>3,961,890</u>	<u>2,644,234</u>
Total Liabilities	<u>4,001,590</u>	<u>2,708,214</u>
Deferred Inflows of Resources	<u>395,937</u>	<u>345,285</u>
Net Position		
Invested in Capital Assets, Net of Debt	2,358,926	2,361,405
Restricted	428,561	374,032
Unrestricted	<u>(2,562,531)</u>	<u>(2,542,275)</u>
Total Net Position	<u>\$ 224,956</u>	<u>\$ 193,162</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

Total assets of governmental activities increased by \$1,092,506, as cash and cash equivalents increased by \$1,117,560, receivables decreased by \$24,213, and capital assets decreased by \$2,479.

The cash increase was mainly due to a prepayment of the subsequent year's levy from the municipality. The decrease in capital assets was due depreciation expense, and the receivable decrease was due to collections of prior year extraordinary aid.

Table 2 shows the changes in Net Position from fiscal year 2015.

Table 2
Changes in Net Position

	<u>2016</u>	<u>2015</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 277,359	\$ 272,711
Operating Grants and Contributions	5,339,321	5,054,386
General Revenues:		
Property Taxes	5,843,253	5,732,086
Investment Earnings	2,926	1,635
Other	<u>12,322</u>	<u>9,830</u>
Total Revenues	<u>11,475,181</u>	<u>11,070,648</u>
Program Expenses		
Instruction	5,911,613	5,782,513
Support Services:		
Tuition	-	1,265
Pupils and Instructional Staff	2,206,916	2,006,126
General Administration, School Administration, Business	1,215,243	1,179,273
Operations and Maintenance of Facilities	1,083,095	997,818
Pupil Transportation	696,248	601,967
Business-Type Activities	199,940	192,885
Interest and Fiscal Charges	<u>130,332</u>	<u>117,634</u>
Total Expenses	<u>11,443,387</u>	<u>10,879,481</u>
Increase in Net Position	<u>\$ 31,794</u>	<u>\$ 191,167</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 50.9% percent of revenues for governmental activities for the Washington Township School District for the fiscal year 2016.

Instruction comprises 51.7% of district expenses. Support services expenses make up 45.5% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2015. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Instruction	\$ 5,911,613	\$ 3,114,557	\$5,782,513	\$3,024,936
Support Services:				
Tuition	-	-	1,265	710
Pupils and Instructional Staff	2,206,916	1,065,195	2,006,126	986,999
General Admin., School Admin., Business	1,215,243	667,396	1,179,273	662,110
Operation and Maintenance of Facilities	1,083,095	594,822	997,818	560,232
Pupil Transportation	696,248	283,671	601,967	244,262
Business-Type Activities	199,940	(29,266)	192,885	(44,499)
Interest and Fiscal Charges	<u>130,332</u>	<u>130,332</u>	<u>117,634</u>	<u>117,634</u>
Total Expenses	<u>\$ 11,443,387</u>	<u>\$ 5,826,707</u>	<u>\$ 10,879,481</u>	<u>\$ 5,552,384</u>

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

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

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

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

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

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

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

The dependence upon tax revenues is apparent. Over 52.7% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 50.2%. The community, as a whole, is the primary support for the Washington Township School District.

The School District's Funds

Information about the School District's major funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$9,931,659 and expenditures of \$9,926,797. The General Fund's surplus balance increased \$4,862 over 2015, which compares favorably to the budgeted decrease of \$0.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2016 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$8,633,747, \$49,069 over original budgeted estimates of \$8,584,678. This difference was due primarily to an increase in extraordinary aid and other miscellaneous revenue.

General fund revenues exceeded expenditures by \$266. Again this surplus compares to a budgeted deficit of \$0.

Overall general fund balance (budget basis) was \$816,640, and amounts ear-marked and reserved for future purposes were \$566,657, creating a surplus in unreserved fund balance of \$249,983. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

Capital Assets

At the end of the fiscal year 2016, the School District had \$2,341,064 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2016 balances compared to 2015.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

Table 4
Capital Assets (Net of Depreciation) at June 30,

	<u>2016</u>	<u>2015</u>
Land	\$ 24,507	\$ 24,507
Land Improvements	14,246	16,464
Buildings and Improvements	2,094,118	2,064,100
Machinery and Equipment	<u>208,193</u>	<u>256,334</u>
 Totals	 <u>\$ 2,341,064</u>	 <u>\$ 2,361,405</u>

Overall governmental fund capital assets decreased \$20,341 from fiscal year 2015 to fiscal year 2016. The decrease in capital assets was due to capital additions, net of depreciation expense for the year.

Capital improvements of \$195,873 were purchased during fiscal year 2016. This includes the Brass Castle univent replacement as well as various technology equipment.

Debt Administration

At June 30, 2016, the School District had \$39,700 as outstanding long term debt. Of this amount, \$39,700 is for compensated absences.

At June 30, 2016, the School District’s overall legal debt margin was \$21,869,769 and the unvoted debt margin was the same.

For the Future

The Washington Township School District is in very good financial condition presently. A major concern is declining property valuations coupled with heavy reliance on local property taxes to fund the school's operations.

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

Contacting the School District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District’s finances and to show the School District’s accountability for the money it receives. If you have questions about this report or need additional information contact Jean Flynn, School Business Administrator/Board Secretary at Washington Township School District, 16 Castle Street, Washington, NJ 07882, or E-mail at flynnj@warrennet.org.

Basic Financial Statements

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2016

	GOVERNMENTAL		BUSINESS-TYPE
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,449,654	\$ 87,881	\$ 1,537,535
Receivables, Net	234,945	2,909	237,854
Interfund Receivable	7,599		7,599
Inventory		2,440	2,440
Capital Assets, Net (Note 6):	2,341,064	17,862	2,358,926
Total Assets	4,033,262	111,092	4,144,354
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	478,129		478,129
LIABILITIES			
Accounts Payable	4,937	5,982	10,919
Interfund Payable		7,599	7,599
Unearned Revenue	1,122,511	826	1,123,337
Net Pension Liability (Note 8)	2,820,035		2,820,035
Noncurrent Liabilities (Note 7):			
Due Within One Year			
Due Beyond One Year	39,700		39,700
Total Liabilities	3,987,183	14,407	4,001,590
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	395,937		395,937
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,341,064	17,862	2,358,926
Restricted for:			
Capital Reserve	304,536		304,536
Maintenance Reserve	123,103		123,103
Other	922		922
Unrestricted	(2,641,354)	78,823	(2,562,531)
Total Net Position	\$ 128,271	\$ 96,685	\$ 224,956

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 4,199,342		\$ 2,025,142		\$ (2,174,200)	\$ (2,174,200)
Special Education	1,170,805		527,814		(642,991)	(642,991)
Other Special Instruction	541,466		244,100		(297,366)	(297,366)
Support Services:						
Tuition	-		-		-	-
Student & Instruction Related Services	2,206,916		1,141,721		(1,065,195)	(1,065,195)
School Administrative Services	454,902		205,076		(249,826)	(249,826)
General and Business Admin. Services	760,341		342,771		(417,570)	(417,570)
Plant Operations and Maintenance	1,083,095		488,273		(594,822)	(594,822)
Pupil Transportation	696,248	\$ 98,700	313,877		(283,671)	(283,671)
Unallocated Depreciation	130,332				(130,332)	(130,332)
Total Governmental Activities	11,243,447	98,700	5,288,774		(5,855,973)	(5,855,973)
Business-Type Activities:						
Child Care	70,313	87,789			\$ 17,476	17,476
Food Service	129,627	90,870	50,547		11,790	11,790
Total Business-Type Activities	199,940	178,659	50,547	-	-	29,266
Total Primary Government	\$ 11,443,387	\$ 277,359	\$ 5,339,321		\$ (5,855,973)	\$ 29,266
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 5,843,253		\$ 5,843,253
Investment Earnings				2,926	\$ -	2,926
Miscellaneous Income				12,322		12,322
Total General Revenues, Special Items, Extraor. Items & Transfers				5,858,501	-	5,858,501
Change in Net Position				2,528	\$ 29,266	31,794
Net Position—Beginning				125,743	67,419	193,162
Net Position—Ending				\$ 128,271	\$ 96,685	\$ 224,956

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

DISTRICT-WIDE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,449,654		\$ 1,449,654
Interfund Receivable	127,907		127,907
Other Receivables	3,572		3,572
Receivables from Other Governments	73,646	\$ 157,727	231,373
TOTAL ASSETS	\$ 1,654,779	\$ 157,727	\$ 1,812,506
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund Payable		\$ 120,308	\$ 120,308
Due to State		4,937	4,937
Unearned Revenue	\$ 1,090,029	32,482	1,122,511
Total Liabilities	1,090,029	157,727	1,247,756
Fund Balances:			
<u>Restricted for:</u>			
Capital Reserve Account	\$ 304,536		304,536
Maintenance Reserve	123,103		123,103
<u>Assigned to:</u>			
Year-End Encumbrances	139,018		139,018
Designated for Subsequent Year's Expenditures	922		922
<u>Unassigned:</u>			
Capital Projects Fund			-
General Fund - Undesignated	(2,829)		(2,829)
Total Fund Balances	564,750		564,750
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,654,779	\$ 157,727	\$ 1,812,506

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 \$6,416,074 and the accumulated depreciation is \$4,075,010.

\$ 2,341,064

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8)

478,129

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8)

(395,937)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)

(2,820,035)

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 (see Note 7).

(39,700)

Net Position of governmental activities

\$ 128,271

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local sources:			
Local Tax Levy	\$ 5,843,253		\$ 5,843,253
Other Local Governmental Units-Unrestricted	98,700		98,700
Interest Earned on Capital Reserve Funds	141		141
Miscellaneous	14,563	\$ 544	15,107
Total - Local Sources	5,956,657	544	5,957,201
State Sources	3,695,616	49,756	3,745,372
Federal Sources		229,086	229,086
Total Revenues	9,652,273	279,386	9,931,659
EXPENDITURES			
Current:			
Regular Instruction	2,591,919	132,571	2,724,490
Special Education Instruction	764,829		764,829
Other Special Instruction	353,713		353,713
Support services and undistributed costs:			
Tuition	-		-
Student and Instruction Related Services	1,294,854	146,815	1,441,669
School Administrative Services	267,751		267,751
Other Administrative Services	496,693		496,693
Plant Operations and Maintenance	694,077		694,077
Pupil Transportation	454,824		454,824
Unallocated Benefits	2,483,990		2,483,990
Transfer to Charter School	48,889		48,889
Capital Outlay	195,872		195,872
Total Expenditures	9,647,411	279,386	9,926,797
Excess (Deficiency) of Revenues Over Expenditures	4,862		4,862
OTHER FINANCING SOURCES (USES)			
Transfers - Capital Projects Fund	-		-
Total Other Financing Sources and Uses	-		-
Net Change in Fund Balances	4,862		4,862
Fund Balance—July 1	559,888		559,888
Fund Balance—June 30	\$ 564,750		\$ 564,750

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 4,862

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 exceeded depreciation in the period.

Depreciation Expense	\$ (216,214)	
Capital Outlays	<u>195,873</u>	(20,341)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

(6,273)

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned.

24,280

Change in Net Position of Governmental Activities

\$ 2,528

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
PROPRIETARY FUNDS

June 30, 2016

	Business-Type Activities- Enterprise Funds		
	<u>Food Service</u>	<u>Child Care</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 12,558	\$ 75,323	\$ 87,881
Accounts Receivable	2,909		2,909
Inventories	2,440		2,440
Total Current Assets	17,907	75,323	93,230
Noncurrent Assets:			
Furniture, Machinery and Equipment	93,828		93,828
Less Accumulated Depreciation	(75,966)		(75,966)
Total Noncurrent Assets	17,862	-	17,862
Total Assets	35,769	75,323	111,092
LIABILITIES			
Current liabilities:			
Accounts Payable	5,982		5,982
Due Current Fund	7,599		7,599
Deferred Revenue	826		826
Total Current Liabilities	14,407	-	14,407
Total Liabilities	14,407	-	14,407
NET POSITION			
Invested in Capital Assets Net of Related Debt	17,862	-	17,862
Unrestricted	3,500	75,323	78,823
Total Net Position	\$ 21,362	\$ 75,323	\$ 96,685

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

	Business-type Activities- Enterprise Fund		
	Food Service	Child Care	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 81,315		\$ 81,315
Daily Sales - Non-Reimb. Programs	9,183		9,183
Miscellaneous	372	\$ 87,789	88,161
Total Operating Revenues	90,870	87,789	178,659
 Operating Expenses:			
Cost of Sales	62,538		62,538
Salaries	39,331	52,406	91,737
Employee Benefits	10,238	8,109	18,347
Other Purchased Professional Services	8,989	4,653	13,642
Miscellaneous	4,065	5,145	9,210
Depreciation	4,466		4,466
Total Operating Expenses	129,627	70,313	199,940
 Operating Income (Loss)	 (38,757)	 17,476	 (21,281)
 Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	1,606		1,606
Federal Sources:			
National School Lunch Program	42,159		42,159
Food Distribution Program	6,782		6,782
Interest Income			
Total Nonoperating Revenues (Expenses)	50,547		50,547
 Change in Net Position	 11,790	 17,476	 29,266
Total Net Position—Beginning	9,572	57,847	67,419
Total Net Position—Ending	\$ 21,362	\$ 75,323	\$ 96,685

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2016

	Business-Type Activities- Enterprise Funds		
	Food Service	Child Care	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 94,196	\$ 87,789	\$ 181,985
Payments to Employees	(39,331)	(52,406)	(91,737)
Payments for Employee Benefits	(10,238)	(8,109)	(18,347)
Payments to Suppliers	(69,242)	(9,798)	(79,040)
Net Cash Provided by (used for) Operating Activities	(24,615)	17,476	(7,139)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	1,670		1,670
Federal Sources	43,968		43,968
Operating Transfers to Other Funds	-	-	-
Net Cash Provided by (used for) Non-Capital Financing Activities	45,638	-	45,638
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Fixed Asset Additions	(22,328)	-	(22,328)
Net Cash Provided by (used for) Capital Financing Activities	(22,328)	-	(22,328)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,305)	17,476	16,171
Balances—Beginning of Year	13,863	57,847	71,710
Balances—End of Year	\$ 12,558	\$ 75,323	\$ 87,881
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	\$ (38,757)	\$ 17,476	\$ (21,281)
Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	4,466		4,466
Federal Commodities	6,782		6,782
Interest Income			-
(Increase) Decrease in Accounts Receivable			-
(Increase) Decrease in Inventories	(1,638)		(1,638)
Increase (Decrease) in Accounts Payable	4,532		4,532
Total Adjustments	14,142	-	14,142
Net Cash Provided by (used for) Operating Activities	\$ (24,615)	\$ 17,476	\$ (7,139)

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2016

		Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
	ASSETS		
Cash and Cash Equivalents		\$ 137,328	\$ 13,769
	Total Assets	<u>137,328</u>	<u>13,769</u>
	LIABILITIES		
Accounts Payable			285
Payable to Student Groups			11,244
	Total Liabilities		<u>11,529</u>
	NET POSITION		
Held in Trust for Unemployment Claims & Other Purposes		<u>\$ 137,328</u>	<u>\$ 2,240</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-8

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the Year Ended June 30, 2016

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 9,318
Total Contributions	<u>9,318</u>
Investment Earnings:	
Interest	<u>193</u>
Net Investment Earnings	<u>193</u>
Total Additions	<u>9,511</u>
DEDUCTIONS	
Unemployment Claims	<u>1,146</u>
Total Deductions	<u>1,146</u>
Change in Net Position	8,365
Net Position—Beginning of the Year	<u>128,963</u>
Net Position—End of the Year	<u>\$ 137,328</u>

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

Notes to Financial Statements

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, and GAASB No. 68, Accounting for Pensions, and amendment of GASB No. 27. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2015.

A. Reporting Entity:

The Washington Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Washington Township School District had an approximate enrollment at June 30, 2016, of 489 students.

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and 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. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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.

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues 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 costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

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 include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

Measurement Focus - Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. General 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.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. 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 approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget 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).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

D. Encumbrance Accounting:

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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 revenues/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.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Allowance for Uncollectible Accounts:

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

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and upon retirement are reimbursed \$40 per unused sick day up to a maximum of 150 unused sick days with a minimum of 20 years of service in the district.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

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

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—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, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. 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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 2: CASH AND CASH EQUIVALENTS

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.

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.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2016, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

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

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (B-7)</u>	<u>Total</u>
Checking Accounts	\$ 1,537,535	\$ 151,097	\$ 1,688,632
	<u>\$ 1,537,535</u>	<u>\$ 151,097</u>	<u>\$ 1,688,632</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$1,688,632 and the bank balance was \$1,844,388. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,594,338 was covered by collateral pool.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 3: RECEIVABLES

Receivables at June 30, 2016, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$ 73,646	\$ 73,752
Federal Aid	157,727	160,530
Local - Insurance Claim	<u>3,572</u>	<u>3,572</u>
Gross Receivable	\$ 234,945	\$ 237,854
Less: Allow. for Uncollectibles		
Total Receivables, Net	<u>\$ 234,945</u>	<u>\$ 237,854</u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2016, consisted of the following:

Food	<u>\$2,440</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 24,507			\$ 24,507
Total Capital Assets Not Being Depreciated	24,507			24,507
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	184,641			184,641
Buildings and Building Improvements	4,446,775	\$ 126,998		4,573,773
Machinery and Equipment	1,564,278	68,875		1,633,153
Total at Historical Cost	6,220,201	195,873		6,416,074
Less Accumulated Depreciation for:				
Land Improvements	(168,177)	(2,218)		(170,395)
Building and Improvements	(2,382,675)	(96,980)		(2,479,655)
Equipment	(1,307,944)	(117,016)		(1,424,960)
Total Accumulated Depreciation	(3,858,796)	(216,214)		(4,075,010)
	2,361,405	(20,341)		2,341,064
Government Activity Capital Assets, Net	\$ 2,361,405	\$ (20,341)		\$ 2,341,064

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 43,012
School Administrative Services	29,414
Plant Operation and Maintenance	13,455
Unallocated	130,333
Total	<u>\$ 216,214</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 7: LONG-TERM OBLIGATIONS

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.

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2016, are as follows:

	Balance			Balance	Amounts
	<u>7/1/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/16</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$63,980		(\$24,280)	\$39,700	
Total	\$63,980	\$0	(\$24,280)	\$39,700	

Compensated absences and capital leases have been liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2016, it is not necessary for the Board to establish a liability for arbitrage rebate.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

B. Debt Service Requirements:

As of June 30, 2016, there are no outstanding debt obligations.

As of June 30, 2016, the District had no authorized but not issued bonds.

NOTE 8: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is 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 district (employer) does 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 district. However, the state's portion of the net pension liability that was associated with the district was \$26,812,532 as measured on June 30, 2015 and \$23,047,511 as measured on June 30, 2014.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

For the year ended June 30, 2016, the District recognized pension expense of \$1,637,146 and revenue of \$1,637,146 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2016 is based upon changes in the collective net pension liability with a measurement period of June 30, 2014 through June 30, 2015. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2014 and June 30, 2015.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>6/30/2014</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$2,306,623,861	\$7,521,378,257
Collective deferred inflows of resources	\$1,763,205,593	\$554,399,005
Collective net pension liability (Nonemployer-State of New Jersey)	\$53,446,745,367	\$63,204,270,305
State's portion of the net pension liability that was associated with the district	\$23,047,511	\$26,812,532
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.043122%	0.042422%

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. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.5%
Salary Increases:	Varies based on experience
Investment Rate of Return:	7.90%

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	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. The discount rate used to measure the State's total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. 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% and 4.29% as of June 30, 2015 and 2014, respectively, 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 (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies - 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 \$2,820,035 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 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 total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. At June 30, 2015, the District's proportion was 0.01256% which was a decrease of 0.00123 from its proportion measured as of June 30, 2014.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

For the year ended June 30, 2016, the District recognized pension expense of \$108,627. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 67,276	-
Changes of assumptions	302,849	
Net difference between projected and actual earnings on pension plan investments		\$ 45,341
Changes in proportion and differences between District contributions and proportionate share of contributions	-	350,596
District contributions subsequent to the measurement date	108,004	
Total	<u>\$ 478,129</u>	<u>\$ 395,937</u>

\$108,004 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability measured as of June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>	
	2016	(4,699)
	2017	(4,699)
	2017	(4,699)
	2018	(7,484)
	2019	<u>(4,231)</u>
	Total	<u>(\$25,812)</u>
	<u>6/30/2014</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$952,194,675	\$3,578,755,666
Collective deferred inflows of resources	1,479,224,662	993,410,455
Collective net pension liability (Non State - Local Group)	\$18,722,735,003	\$22,447,996,119
District's portion of net pension liability	\$2,581,098	\$2,820,035
District's proportion %	0.01378590%	0.01256252%

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

Actuarial assumptions. The collective 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:	3.04%
Salary Increases:	
2012-2021	2.15%-4.40% based on age
Therafter	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) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds I Absolute	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

Discount rate. The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. 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% and 4.29% as of June 30, 2015 and 2014, respectively, 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 on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>(3.90%)</u>	<u>(4.90%)</u>	<u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 3,504,958	\$ 2,820,035	\$ 2,245,800

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et seq.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

Three-Year Trend Information for PERS

Year <u>Funding</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/2016	\$108,004	100 %	-0-
6/30/2015	\$113,649	100	-0-
6/30/2014	\$113,481	100	-0-

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

Year <u>Funding</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/2016	\$322,830	100 %	-0-
6/30/2015	\$229,349	100	-0-
6/30/2014	\$182,425	100	-0-

During the fiscal year ended June 30, 2016, the State of New Jersey did contribute \$707,232 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$306,698 during the year ended June 30, 2016, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the the State of New Jersey and as such, no district OPEB liability exists.

NOTE 10: DEFERRED COMPENSATION

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

Lincoln Investment Planning
LIP
Legend
Oppenheimer Shareholder

NOTE 11: 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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 11: COMPENSATED ABSENCES-(Continued)

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and upon retirement are reimbursed \$40 per unused sick day up to a maximum of 150 unused sick days with a minimum of 20 years of service in the district.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, no liability existed for compensated absences in the proprietary fund types.

NOTE 12: RISK MANAGEMENT

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

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

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, 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>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$193	\$9,318	\$1,146	\$137,328
2014-2015	\$194	\$10,151	\$16,402	\$128,963
2013-2014	\$189	\$9,469	\$3,407	\$135,020

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the 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 Board is not involved in claims and lawsuits incidental to its operations.

NOTE 14: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$564,750 General Fund fund balance at June 30, 2016, \$304,536 has been reserved in the Capital Reserve Account; \$123,103 has been reserved in the Maintenance Reserve Account; \$139,018 is reserved for encumbrances; \$922 is reserved and has been appropriated and included as anticipated revenue for the year ending June 30, 2017; and, (\$2,829) is unreserved and undesignated.

NOTE 15: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$0.

NOTE 16: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Washington Township School District Board of Education by inclusion of \$100,000 in the original 1998-99 annual capital outlay budget 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. 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. 6A:23-2.13(g), 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 BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 16: CAPITAL RESERVE ACCOUNT-(Continued)

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	\$239,729
Interest	141
Withdrawal - Approved	(100,334)
Deposits (PL 2007 c.62 (A1)) ; Board Resolution: June 13, 2016	165,000
Ending Balance, June 30, 2016	<u><u>\$304,536</u></u>

NOTE 17: MAINTENANCE RESERVE ACCOUNT

A Maintenance Reserve account was established by the School District Board of Education in fiscal year 2016, for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning balance July 1, 2015	\$ 134,303
Withdrawal - Approved	<u>(11,200)</u>
Ending balance June 30, 2016	<u><u>\$ 123,103</u></u>

NOTE 18: INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 127,907	-
Food Service Fund		7,599
Special Revenue Fund		120,308
	<u><u>\$ 127,907</u></u>	<u><u>\$ 127,907</u></u>

The interfund payable in the special revenue fund is due to the general fund for cash advances to cover cash deficit caused by federal grant reimbursements that have not yet been received.

The interfund payable in the food service fund is due to the general fund for cash advances to cover federal and state lunch reimbursements that have not yet been received.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 19: UNEARNED REVENUE

On June 27, 2016, the District collected \$1,090,029 in advance payment of the 2016-2017 tax levy from the Township of Washington. This amount is recorded as an unearned revenue liability and will be recognized as revenue in the 2016-2017 fiscal year. The balance of unearned revenue of \$33,308 is related to unspent portions of federal awards.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

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 Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,843,253		\$ 5,843,253	\$ 5,843,253	\$ -
Other Local Governmental Units-Unrestricted	86,700		86,700	98,700	12,000
Interest Earned on Capital Reserve Funds				141	141
Miscellaneous	1,000		1,000	14,563	13,563
Total - Local Sources	<u>5,930,953</u>		<u>5,930,953</u>	<u>5,956,657</u>	<u>25,704</u>
State Sources:					
Equalization Aid	1,702,476		1,702,476	1,702,476	
Transportation Aid	258,367		258,367	258,367	
Special Education Aid	329,211		329,211	329,211	
Security Aid	47,406		47,406	47,406	
Adjustment Aid	286,365		286,365	286,365	
PARCC Readiness Grant	4,950		4,950	4,950	
Per Pupil Growth Aid	4,950		4,950	4,950	
Other State Aid	20,000		20,000	43,365	23,365
TPAF Pension (On-Behalf - Non-Budgeted)				307,512	307,512
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				384,402	384,402
TPAF Pension Non-contributory Insurance (On-Behalf - Non-Budgeted)				15,318	15,318
TPAF Social Security (Reimbursed - Non-Budgeted)				306,698	306,698
Total State Sources	<u>2,653,725</u>		<u>2,653,725</u>	<u>3,691,020</u>	<u>1,037,295</u>
TOTAL REVENUES	<u>8,584,678</u>		<u>8,584,678</u>	<u>9,647,677</u>	<u>1,062,999</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	281,725	(62,800)	218,925	218,422	503
Grades 1-5 - Salaries of Teachers	1,743,178	(987)	1,742,191	1,742,190	1
Grades 6-8 - Salaries of Teachers	465,257	(14,769)	450,488	450,487	1
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000	(670)	330	330	
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	2,660		2,660	2,023	637
Purchased Technical Services	2,000	17,095	19,095	19,086	9
Other Purchased Services (400-500 series)	17,500	5,380	22,880	22,880	
General Supplies	126,233	854	127,087	125,854	1,233
Textbooks	11,500	(835)	10,665	10,647	18
Other Objects	10,500	(10,500)			
TOTAL REG. PROGRAMS - INSTRUCTION	2,661,553	(67,232)	2,594,321	2,591,919	2,402
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	102,611	5,000	107,611	106,996	615
Other Salaries for Instruction	18,650	(18,602)	48		48
General Supplies	100	2	102	102	
Total Resource Room/Resource Center	121,361	(13,600)	107,761	107,098	663
Resource Room/Resource Center:					
Salaries of Teachers	483,839	55,000	538,839	538,001	838
Total Resource Room/Resource Center	483,839	55,000	538,839	538,001	838

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Preschool Disabilities - Part-Time:					
Salaries of Teachers	86,385	19,290	105,675	105,614	61
Other Salaries for Instruction	29,622	(15,489)	14,133	14,116	17
General Supplies	100		100		100
Total Preschool Disabilities - Part-Time	116,107	3,801	119,908	119,730	178
Home Instruction:					
Salaries of Teachers	1,000	(1,000)			
Total Home Instruction	1,000	(1,000)			
TOTAL SPECIAL ED. - INSTRUCTION	722,307	44,201	766,508	764,829	1,679
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	336,694	(8,510)	328,184	328,182	2
General Supplies	800	(500)	300	289	11
Total Basic Skills/Remedial - Instruction	337,494	(9,010)	328,484	328,471	13
School Spon.Co/Extra Curricular Actvts.-Instruction:					
Salaries	18,500		18,500	16,527	1,973
General Supplies	1,000		1,000	574	426
Total School Spon.Co/Extra Curricular Actvts.-Instruction	19,500		19,500	17,101	2,399
Summer School - Instruction:					
Salaries of Teachers	7,000		7,000	6,854	146
Other Salaries for Instruction	1,900		1,900	1,287	613
Total Summer School - Instruction	8,900		8,900	8,141	759
TOTAL INSTRUCTION	3,749,754	(32,041)	3,717,713	3,710,461	7,252

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

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 Favorable/ (Unfavorable)</u>
UNDISTRIBUTED EXPENDITURES					
Health Services:					
Salaries	128,896		128,896	128,344	552
Purchased Professional and Technical Services	2,500	(500)	2,000	2,000	
Supplies and Materials	4,000	500	4,500	4,382	118
Total Health Services	135,396		135,396	134,726	670
Other Supp. Services Students-Related Serv.:					
Salaries	110,419	(3,852)	106,567	102,996	3,571
Purchased Professional - Educational Services	151,300	(17,800)	133,500	132,718	782
Misc. Purchased Services (400-500 series)	500		500		500
Supplies and Materials	1,100		1,100		1,100
Total Other Supp. Serv. Students-Related Serv.	263,319	(21,652)	241,667	235,714	5,953
Other Supp. Services Students-Extra.Services:					
Salaries	450,589	35,900	486,489	482,465	4,024
Total Other Supp. Services Students-Extra.Services	450,589	35,900	486,489	482,465	4,024
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	43,960	720	44,680	44,593	87
Misc. Purchased Services (400-500 series)	200	(200)			
Supplies and Materials	400	(400)			
Total Other Supp. Services Students-Regular	44,560	120	44,680	44,593	87
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	244,814	(19,850)	224,964	223,928	1,036
Salaries of Secretarial and Clerical Assistants	40,530		40,530	39,731	799
Other Purchased Professional and Technical Services	3,000		3,000	180	2,820
Misc. Purchased Services (400-500 series O/than Resid.Costs)	500		500	115	385
Supplies and Materials	2,600		2,600	349	2,251
Total Other Supp. Services Students-Special	291,444	(19,850)	271,594	264,303	7,291

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction Services:					
Salaries of Other Professional Staff	5,500	3,598	9,098	8,800	298
Purchased Professional - Educational Services		12,000	12,000	12,000	
Total Improvement of Instruction Services	5,500	15,598	21,098	20,800	298
Educational Media Services/School Library:					
Salaries	101,078	(9,900)	91,178	90,789	389
Purchased Professional - Technical Services	8,400		8,400	8,012	388
Supplies and Materials	16,650		16,650	7,326	9,324
Other Objects	27		27		27
Total Educational Media Services/School Library	126,155	(9,900)	116,255	106,127	10,128
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	15,000	(6,000)	9,000	6,126	2,874
Total Instructional Staff Training Services	15,000	(6,000)	9,000	6,126	2,874
Supp. Services - General Administration:					
Salaries	168,478		168,478	166,313	2,165
Legal Services	20,000	4,760	24,760	16,833	7,927
Audit Fees	15,540	274	15,814	15,814	
Other Purchased Professional Services	17,850	701	18,551	15,680	2,871
Communications/Telephone	21,550	4,173	25,723	10,758	14,965
Other Purchased Services (400-500 series)	17,000	1,360	18,360	18,360	
General Supplies	4,000	115	4,115	3,722	393
Miscellaneous Expenditures	7,100		7,100	3,532	3,568
BOE Membership Dues and Fees	5,500		5,500	5,095	405
Total Supp. Services - General Administration	277,018	11,383	288,401	256,107	32,294
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	171,008	(24,274)	146,734	145,664	1,070
Salaries of Other Professional Staff	2,000		2,000	2,000	
Salaries of Secretarial and Clerical Assistants	102,715	2,310	105,025	102,114	2,911
Supplies and Materials	13,100	3,534	16,634	13,951	2,683
Other Objects	3,950	2,073	6,023	4,022	2,001
Total Support Services - School Administration	292,773	(16,357)	276,416	267,751	8,665

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Central Services:					
Salaries	130,709	67	130,776	126,854	3,922
Purchased Professional Services	1,100		1,100		1,100
Miscellaneous Purchased Services (400-500 series)	3,300		3,300	2,513	787
Supplies and Materials	2,500	102	2,602	2,005	597
Miscellaneous Expenditures	1,500	121	1,621	1,552	69
Total Central Services	139,109	290	139,399	132,924	6,475
Admin. Info.Tech.:					
Salaries	58,349		58,349	58,349	
Purchased Technical Services	26,221	22,482	48,703	47,422	1,281
Supplies and Materials	1,000	892	1,892	1,891	1
Total Admin. Info.Tech.	85,570	23,374	108,944	107,662	1,282
Required Maintenance for School Facilities:					
Salaries	20,000	(18,177)	1,823	1,662	161
Cleaning, Repair and Maintenance Services	149,375	41,225	190,600	179,518	11,082
General Supplies	18,400	57	18,457	16,099	2,358
Other Objects	1,000	117	1,117	962	
Total Required Maintenance for School Facilities	188,775	23,222	211,997	198,241	13,756
Other Operations and Maintenance of Plant:					
Salaries	242,220	6,623	248,843	244,966	3,877
Cleaning, Repair and Maintenance Services	32,100	(9,631)	22,469	21,919	550
Other Purchased Property Services	9,500	(735)	8,765	8,439	326
Insurance	26,500		26,500	26,463	37
Miscellaneous Purchased Services	300	(200)	100	44	56
General Supplies	20,000	23,596	43,596	42,285	1,311
Energy (Heat and Electricity)	115,000	(9,759)	105,241	102,310	2,931
Total Other Operations and Maintenance of Plant	445,620	9,894	455,514	446,426	9,088
Security:					
Purchased Professional and Technical Services	49,410		49,410	49,410	
Total Security	49,410		49,410	49,410	

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

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 Favorable/ (Unfavorable)</u>
Student Transportation Services					
Salaries for Pupil Transpor.(Between Home & School)-Regular	75,185	7,259	82,444	81,759	685
Other Purchased Professional - Technical Services	2,300	615	2,915	2,475	440
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	17,680	(5,873)	11,807	11,566	241
Contracted Services (Other than Bet. Home and Sch.)-Vendors	3,300	(1,858)	1,442	1,442	
Contracted Services (Bet. Home and School)-Joint Agreements	256,500	17,903	274,403	272,052	2,351
Contracted Services (Special Education Students)-Vendors	40,000	(5,582)	34,418	34,418	
Contracted Services (Special Education Students)-Joint Agrmnts.	32,700	11,411	44,111	43,822	289
Supplies and Materials	4,400	178	4,578	4,426	152
Other Objects	4,200	(274)	3,926	2,864	1,062
Total Student Transportation Services	436,265	23,779	460,044	454,824	5,220
UNALLOCATED BENEFITS					
Social Security Contributions	120,000	588	120,588	120,543	45
Other Retirement Contributions-Regular PERS	130,480	(22,476)	108,004	108,004	
Other Retirement Contributions-ERIP	7,000	1,700	8,700	8,375	325
Other Retirement Contributions-Regular	3,600	(300)	3,300	2,583	717
Workmen's Compensation	59,000	(9,966)	49,034	49,034	
Health Benefits	1,076,919	(23,951)	1,052,968	1,019,702	33,266
Tuition Reimbursement	25,000	(2,991)	22,009	20,853	1,156
Other Employee Benefits	116,100	24,914	141,014	140,966	48
TOTAL UNALLOCATED BENEFITS	1,538,099	(32,482)	1,505,617	1,470,060	35,557
On-behalf TPAF pension Contrib. (non-budgeted)				307,512	(307,512)
On-behalf TPAF PRM Contrib. (non-budgeted)				384,402	(384,402)
On-behalf TPAF pension Non-contributory Ins. (non-budgeted)				15,318	(15,318)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				306,698	(306,698)
TOTAL ON-BEHALF CONTRIBUTIONS				1,013,930	(1,013,930)
TOTAL PERSONAL SERV.-EMPLOYEE BENEFITS	1,538,099	(32,482)	1,505,617	2,483,990	(978,373)
TOTAL UNDISTRIBUTED EXPENDITURES	4,784,602	37,319	4,821,921	5,692,189	(870,268)

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
TOTAL GENERAL CURRENT EXPENSE	8,534,356	5,278	8,539,634	9,402,650	(863,016)
CAPITAL OUTLAY					
Equipment:					
Grades 1-5	16,725	82,920	99,645	14,326	85,319
Undistributed Expenditures - Admin Info Tech		4,419	4,419	4,407	12
Undistributed Expenditures-Operation and Maint. Of Plant Serv.		62,757	62,757	50,141	12,616
Total Equipment	16,725	150,096	166,821	68,874	97,947
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Services		35,552	35,552	26,664	8,888
Construction Services		100,334	100,334	100,334	
Total Facilities Acquisition and Construction Services		135,886	135,886	126,998	8,888
TOTAL CAPITAL OUTLAY	16,725	285,982	302,707	195,872	106,835
Transfer to Charter School	33,597	15,292	48,889	48,889	
TOTAL EXPENDITURES	8,584,678	306,552	8,891,230	9,647,411	(756,181)
Excess (Deficiency) of Revenues Over (Under) Expenditures		(306,552)	(306,552)	266	306,818

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

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 Favorable/ (Unfavorable)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)		(306,552)	(306,552)	266	306,818
Fund Balance, July 1	816,374		816,374	816,374	
Fund Balance, June 30	\$ 816,374	\$ (306,552)	\$ 509,822	\$ 816,640	\$ 306,818

Recapitulation:

Restricted for:

Capital Reserve

\$ 304,536

Maintenance Reserve

123,103

Assigned to:

Year-End Encumbrances

139,018

Designated for Subsequent Year's Expenditures

922

Unassigned:

Unrestricted Fund Balance

249,061

Fund Balance per Governmental Funds(Budgetary Basis)

816,640

Reconciliation to Governmental Funds Statement(GAAP Basis):

Last State Aid Payment not recognized on GAAP basis

(251,890)

Fund Balance per Governmental Funds(GAAP Basis)

\$ 564,750

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 1,822	\$ 1,822	\$ 492	\$ (1,330)
State Sources	\$ 55,000	(8,824)	46,176	46,176	-
Federal Sources	201,000	43,415	244,415	231,459	(12,956)
Total Revenues	256,000	36,413	292,413	278,127	(14,286)
EXPENDITURES:					
Instruction					
Salaries of Teachers	27,000	5,003	32,003	32,003	
Purchased Professional and Technical Services	46,000	(10,232)	35,768	35,438	330
Tuition		37,550	37,550	37,550	
General Supplies	66,000	(45,523)	20,477	19,834	643
Textbooks	6,000	(236)	5,764	5,764	
Total Instruction	145,000	(13,438)	131,562	130,589	973
Support Services					
Personal Services - Employee Benefits	7,000	(228)	6,772	6,772	
Purchased Professional and Technical Services	15,000	10,361	25,361	13,048	12,313
Purchased Professional Educational Services	84,000	27,724	111,724	111,724	
Other Purchased Services	5,000	(2,711)	2,289	2,289	
Supplies & Materials		14,705	14,705	13,705	1,000
Total Support Services	111,000	49,851	160,851	147,538	13,313
Total Expenditures	\$ 256,000	\$ 36,413	\$ 292,413	\$ 278,127	\$ 14,286
Total Outflows	\$ 256,000	\$ 36,413	\$ 292,413	\$ 278,127	\$ 14,286
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)					<u>None</u>
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis					<u>None</u>
Fund Balance per Governmental Funds(GAAP Basis)					<u>None</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-3

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2016

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 9,647,677	\$ 278,127
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	18,160
Current Year Encumbrances	N/A	(16,901)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	256,486	N/A
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	(251,890)	N/A
	<u>\$ 9,652,273</u>	<u>\$ 279,386</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 9,647,411	\$ 278,127
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	18,160
Current Year Encumbrances	N/A	(16,901)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	N/A	N/A
	<u>\$ 9,647,411</u>	<u>\$ 279,386</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 9,647,411</u>	<u>\$ 279,386</u>

**Washington Township School District
Required Supplementary Information - Part III
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years ***

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A							
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A							
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 26,812,532</u>	<u>\$ 23,047,511</u>	<u>\$ 21,385,336</u>							
Total	<u>\$ 26,812,532</u>	<u>\$ 23,047,511</u>	<u>\$ 21,385,336</u>							
District's covered employee payroll	\$ 4,423,064	\$ 4,229,000	\$ 4,356,381							
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A							
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%							

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

Exhibit L-1

Public Employees' Retirement System (PERS)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
District's proportion of the net pension liability (asset)	0.012562522%	0.013785904%	0.014971872%							
District's proportionate share of the net pension liability (asset)	<u>\$ 2,820,035</u>	<u>\$ 2,581,098</u>	<u>\$ 2,861,422</u>							
District's covered employee payroll	\$ 1,428,437	\$ 1,424,061	\$ 1,283,928							
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	197.42%	181.25%	222.86%							
Plan fiduciary net position as a percentage of the total pension liability (Local)	47.92%	52.08%	48.72%							

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**Washington Township School District
 Required Supplementary Information - Part III
 Schedule of District Contributions
 Last Ten Fiscal Years ***

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution **	N/A	N/A	N/A							
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A							
Contribution deficiency (excess)	N/A	N/A	N/A							
District's covered employee payroll	\$ 4,423,064	\$ 4,229,000	\$ 4,356,381							
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A							

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

Public Employees' Retirement System (PERS)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 113,649	\$ 113,481	\$ 118,664							
Contributions in relation to the contractually required contribution	<u>(113,649)</u>	<u>(113,481)</u>	<u>(118,664)</u>							
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>							
District's covered employee payroll	\$ 1,428,437	\$ 1,424,061	\$ 1,283,928							
Contributions as a percentage of covered-employee payroll	7.96%	7.97%	9.24%							

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
Pension Schedules

For the Fiscal Year Ended June 30, 2016

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

Public Employees' Retirement System (PERS)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2016

	Title I Part A	Title II Part A	IDEA Basic	IDEA Preschool	Non- Public Textbook	Non- Public Nursing	Non- Public Tech	Non- Public Security	Non- Public Speech	Non- Public Aux. Comp Ed.	Non- Public Handicap Exam	Non- Public Handicap Supplem.	Local	Totals
REVENUES														
Local Sources													\$ 492	\$ 492
State Sources					\$ 5,764	\$ 9,270	\$ 2,577	\$ 2,575	\$ 5,852	\$ 16,328	\$ 3,068	\$ 742		46,176
Federal Sources	\$ 35,898	\$ 13,052	\$ 171,393	\$ 11,116										231,459
TOTAL REVENUES	35,898	13,052	171,393	11,116	5,764	9,270	2,577	2,575	5,852	16,328	3,068	742	492	278,127
EXPENDITURES:														
Instruction:														
Salaries of Teachers	27,151								4,852					32,003
Purchased Profess. & Tech. Serv.			14,300						1,000	16,328	3,068	742		35,438
Tuition			37,550											37,550
General Supplies	1,000		13,682				2,577	2,575						19,834
Textbooks					5,764									5,764
Total Instruction	28,151	-	65,532		5,764	-	2,577	2,575	5,852	16,328	3,068	742	-	130,589
Support Services:														
Personal Services-Employee Bene.	6,772													6,772
Purchased Profess. & Tech Svcs	975		2,803			9,270								13,048
Purchased Profess. Educ. Svcs		12,140	88,468	11,116										111,724
Other Purchased Services		912	1,377											2,289
Supplies and Materials			13,213										492	13,705
Total Support Services	7,747	13,052	105,861	11,116	-	9,270	-	-	-	-	-	-	492	147,538
TOTAL EXPENDITURES	\$ 35,898	\$ 13,052	\$ 171,393	\$ 11,116	\$ 5,764	\$ 9,270	\$ 2,577	\$ 2,575	\$ 5,852	\$ 16,328	\$ 3,068	\$ 742	\$ 492	\$ 278,127
Total Outflows	\$ 35,898	\$ 13,052	\$ 171,393	\$ 11,116	\$ 5,764	\$ 9,270	\$ 2,577	\$ 2,575	\$ 5,852	\$ 16,328	\$ 3,068	\$ 742	\$ 492	\$ 278,127
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)														

CAPITAL PROJECTS FUND DETAIL STATEMENTS
--

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

N/A

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>
--

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

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

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

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016**

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	STUDENT <u>ACTIVITY</u>	<u>AGENCY FUNDS</u> SCHOOL PAYROLL <u>HOUSE FUND AGENCY</u>		<u>TOTALS</u>
ASSETS:					
Cash and Cash Equivalents	\$137,328	\$ 11,244	\$2,240	\$ 285	\$ 151,097
TOTAL ASSETS	137,328	11,244	2,240	285	151,097
LIABILITIES:					
Liabilities:					
Accounts Payable				285	285
Payable to Student Groups		11,244			11,244
Total Liabilities		11,244		285	11,529
NET POSITION					
Held in Trust for School Restoration			2,240		2,240
Held in Trust for Unemployment Claims and Other Purposes	137,328				137,328
TOTAL LIABILITIES AND NET POSITION	\$137,328	\$ 11,244	\$2,240	\$ 285	\$ 151,097

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2016

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Employer	-	-
Plan Member	\$ 9,318	\$ 9,318
Total Contributions	<u>9,318</u>	<u>9,318</u>
Investment Earnings:		
Interest	\$ 193	\$ 193
Net Investment Earnings	<u>193</u>	<u>193</u>
Total Additions	<u>9,511</u>	<u>9,511</u>
DEDUCTIONS		
Unemployment Claims	<u>1,146</u>	<u>1,146</u>
Total Deductions	<u>1,146</u>	<u>1,146</u>
Change in Net Position	<u>8,365</u>	<u>8,365</u>
Net Position—Beginning of the Year	<u>128,963</u>	<u>128,963</u>
Net Position—End of the Year	<u><u>\$ 137,328</u></u>	<u><u>\$ 137,328</u></u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>ACTIVITY</u>	<u>BALANCE July 1, 2015</u>	<u>TRANSFERS</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE June 30, 2016</u>
Interest Income	\$ 158				\$ 158
Archery			\$ 104	\$ 104	-
Class Trips	2,101	\$ 2,020	19,484	23,602	3
Stokes Trip	(5,395)	4,482	12,680	13,115	(1,348)
6th Grade - NYC	14,419	(4,482)	21,130	26,972	4,095
Publishing Co.	(5)	10			5
Family Assistance	1,318			299	1,019
Port Colden	3,976	(1,010)	298	231	3,033
Brass Castle	5,168	(1,020)	315	184	4,279
Bank Charges					-
Totals	\$ 21,740	-	\$ 54,011	\$ 64,507	\$ 11,244

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

Exhibit H-4

	<u>BALANCE</u> <u>July 1, 2015</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 48,366	\$ 6,316,147	\$ 6,364,228	\$ 285
Total Assets	<u>\$ 48,366</u>	<u>\$ 6,316,147</u>	<u>\$ 6,364,228</u>	<u>\$ 285</u>
LIABILITIES:				
Payroll Deductions and Withholdings	-	\$ 2,578,320	\$ 2,578,320	-
Accounts Payable	\$ 48,366		48,081	\$ 285
Accrued Net Payroll	-	3,737,827	3,737,827	-
Total Liabilities	<u>\$ 48,366</u>	<u>\$ 6,316,147</u>	<u>\$ 6,364,228</u>	<u>\$ 285</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-5

**SCHEDULE OF ACTIVITY
PORT COLDEN SCHOOL HOUSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	PORT COLDEN SCHOOL HOUSE FUND
ADDITIONS	
Investment Earnings:	
Interest	\$ 4
Net Investment Earnings	<u>4</u>
Total Additions	<u>4</u>
DEDUCTIONS	
Total Deductions	<u>-</u>
Change in Net Position	4
Net Position—Beginning of the Year	<u>2,236</u>
Net Position—End of the Year	<u><u>\$ 2,240</u></u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

N/A

Washington Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	88-93
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	94-97
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	98-101
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	102-103
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	104-108

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

**Washington Township School District
Net Position by Component,
Last Ten Fiscal Years**

(accrual basis of accounting)

Exhibit J-1

	<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>
Governmental activities										
Invested in capital assets, net of related debt	\$ 2,175,663	\$ 240,766	\$ 2,861,484	\$ 2,932,168	\$ 3,088,135	\$ 2,919,400	\$ 2,949,487	\$ 2,186,985	\$ 2,361,405	\$ 2,341,064
Restricted	591,169	843,169	262,026	108,626	451,341	547,888	263,739	375,417	374,032	428,561
Unrestricted	554,801	320,338	463,549	690,421	183,978	273,494	205,474	79,975	(2,609,694)	(2,641,354)
Total governmental activities net position	<u>\$ 3,321,633</u>	<u>\$ 1,404,273</u>	<u>\$ 3,587,059</u>	<u>\$ 3,731,215</u>	<u>\$ 3,723,454</u>	<u>\$ 3,740,782</u>	<u>\$ 3,418,700</u>	<u>\$ 2,642,377</u>	<u>\$ 125,743</u>	<u>\$ 128,271</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 7,823	\$ 3,443	-	-	-	-	-	-	-	\$ 17,862
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,407	28,240	43,107	59,359	68,513	20,746	31,456	22,920	67,419	78,823
Total business-type activities net position	<u>\$ 15,230</u>	<u>\$ 31,683</u>	<u>\$ 43,107</u>	<u>\$ 59,359</u>	<u>\$ 68,513</u>	<u>\$ 20,746</u>	<u>\$ 31,456</u>	<u>\$ 22,920</u>	<u>\$ 67,419</u>	<u>\$ 96,685</u>
District-wide										
Invested in capital assets, net of related debt	\$ 2,183,486	\$ 2,044,209	\$ 2,861,484	\$ 2,932,168	\$ 3,088,135	\$ 2,919,400	\$ 2,949,487	\$ 2,186,985	\$ 2,361,405	\$ 2,358,926
Restricted	591,169	843,169	262,026	108,626	451,341	547,888	263,739	375,417	374,032	428,561
Unrestricted	562,211	348,578	506,656	749,780	252,491	294,240	236,930	102,895	(2,542,275)	(2,562,531)
Total district net position	<u>\$ 3,336,866</u>	<u>\$ 3,235,956</u>	<u>\$ 3,630,166</u>	<u>\$ 3,790,574</u>	<u>\$ 3,791,967</u>	<u>\$ 3,761,528</u>	<u>\$ 3,450,156</u>	<u>\$ 2,665,297</u>	<u>\$ 193,162</u>	<u>\$ 224,956</u>

Source: CAFR Schedule A-1

Washington Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,380,622	\$ 3,546,670	\$ 3,326,943	\$ 3,820,901	\$ 3,681,459	\$ 3,713,834	\$ 4,036,063	\$ 3,715,671	\$ 4,265,097	\$ 4,199,342
Special education	652,181	818,657	748,356	857,460	723,499	892,181	859,000	855,316	1,051,588	1,170,805
Other special education	176,579	242,910	296,009	287,136	364,604	321,802	441,030	401,625	465,828	541,466
Support Services:										
Tuition	84,735	107,759	24,823	3,450	-	3,938	-	22,033	1,265	-
Student & instruction related services	1,664,902	1,753,010	1,576,498	1,534,277	1,589,623	1,739,413	1,780,001	1,831,853	2,006,126	2,206,916
General administrative services	593,256	594,291	569,845	590,094	584,792	661,965	656,101	708,319	741,730	760,341
School administrative services	420,628	430,165	412,428	455,652	452,437	458,119	467,760	410,217	437,543	454,902
Business administrative services										
Plant operations and maintenance	691,484	749,127	729,122	724,476	719,761	780,706	896,091	871,468	997,818	1,083,095
Pupil transportation	614,116	624,255	566,907	524,910	539,038	505,047	523,298	577,586	601,967	696,248
Non-Budgeted Contributions										
Special Schools										
Charter Schools										
Interest on long-term debt	40,612	26,800	11,816	-	-	-	-	-	-	-
Unallocated depreciation	93,931	95,363	95,363	97,863	104,762	104,762	104,762	111,475	117,634	130,332
Total governmental activities expenses	<u>8,413,046</u>	<u>8,989,007</u>	<u>8,358,110</u>	<u>8,896,219</u>	<u>8,759,975</u>	<u>9,181,767</u>	<u>9,764,106</u>	<u>9,505,563</u>	<u>10,686,596</u>	<u>11,243,447</u>
Business-type activities:										
Food service	146,571	141,701	147,833	155,503	145,594	137,334	131,815	127,618	131,323	129,627
Child Care		34,748	50,111	40,104	54,658	96,544	54,358	55,762	61,562	70,313
Total business-type activities expense	<u>146,571</u>	<u>176,449</u>	<u>197,944</u>	<u>195,607</u>	<u>200,252</u>	<u>233,878</u>	<u>186,173</u>	<u>183,380</u>	<u>192,885</u>	<u>199,940</u>
Total district expenses	<u>\$ 8,559,617</u>	<u>\$ 9,165,456</u>	<u>\$ 8,556,054</u>	<u>\$ 9,091,826</u>	<u>\$ 8,960,227</u>	<u>\$ 9,415,645</u>	<u>\$ 9,950,279</u>	<u>\$ 9,688,943</u>	<u>\$ 10,879,481</u>	<u>\$ 11,443,387</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (regular & special education)										
Business and other support services	45,000	50,000	50,600	68,069	60,254	60,222	105,915	90,501	93,716	\$ 98,700
Operating grants and contributions	\$ 4,014,421	\$ 4,101,427	\$ 3,749,063	\$ 3,950,227	\$ 3,478,335	\$ 3,812,230	\$ 3,871,122	\$ 3,768,294	\$ 4,995,997	5,288,774
Capital grants and contributions										
Total governmental activities program revenues	<u>4,059,421</u>	<u>4,151,427</u>	<u>3,799,663</u>	<u>4,018,296</u>	<u>3,538,589</u>	<u>3,872,452</u>	<u>3,977,037</u>	<u>3,858,795</u>	<u>5,089,713</u>	<u>5,387,474</u>
Business-type activities:										
Charges for services										
Food service	108,144	102,511	105,545	113,345	100,704	84,103	84,987	79,879	83,388	90,870
Child care	-	60,468	65,161	56,674	63,618	48,557	66,526	48,104	95,607	87,789
Operating grants and contributions	29,251	29,246	32,656	39,295	41,902	40,445	45,369	46,861	58,389	50,547
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>137,395</u>	<u>192,225</u>	<u>203,362</u>	<u>209,314</u>	<u>206,224</u>	<u>173,105</u>	<u>196,882</u>	<u>174,844</u>	<u>237,384</u>	<u>229,206</u>
Total district program revenues	<u>\$ 4,196,816</u>	<u>\$ 4,343,652</u>	<u>\$ 4,003,025</u>	<u>\$ 4,227,610</u>	<u>\$ 3,744,813</u>	<u>\$ 4,045,557</u>	<u>\$ 4,173,919</u>	<u>\$ 4,033,639</u>	<u>\$ 5,327,097</u>	<u>\$ 5,616,680</u>
Net (Expense)/Revenue										
Governmental activities	\$ (4,353,625)	\$ (4,837,580)	\$ (4,558,447)	\$ (4,877,923)	\$ (5,221,386)	\$ (5,309,315)	\$ (5,787,069)	\$ (5,646,768)	\$ (5,596,883)	\$ (5,855,973)
Business-type activities	(9,176)	15,776	5,418	13,707	5,972	(60,773)	10,709	(8,536)	44,499	29,266
Total district-wide net expense	<u>\$ (4,362,801)</u>	<u>\$ (4,821,804)</u>	<u>\$ (4,553,029)</u>	<u>\$ (4,864,216)</u>	<u>\$ (5,215,414)</u>	<u>\$ (5,370,088)</u>	<u>\$ (5,776,360)</u>	<u>\$ (5,655,304)</u>	<u>\$ (5,552,384)</u>	<u>\$ (5,826,707)</u>
Continued										

Washington Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 4,628,909	\$ 4,880,734	\$ 4,880,734	\$ 4,880,734	\$ 5,198,441	\$ 5,287,410	\$ 5,440,521	\$ 5,549,331	\$ 5,732,086	\$ 5,843,253
Taxes levied for debt service	157,939	162,534	162,534	162,534	-	-	-	-	-	-
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	101,020	77,691	77,691	77,691	9,203	5,252	3,853	1,666	1,635	2,926
Miscellaneous income	304,459	55,134	55,134	55,134	9,147	46,981	20,613	7,791	9,830	12,322
Transfers	-	-	-	-	(3,166)	(13,000)	-	-	-	-
Total governmental activities	5,192,327	5,176,093	5,176,093	5,176,093	5,213,625	5,326,643	5,464,987	5,558,788	5,743,551	5,858,501
Business-type activities:										
Investment earnings	66	677	677	677	16	6	1	-	-	-
Transfers	-	-	-	-	3,166	13,000	-	-	-	-
Total business-type activities	66	677	677	677	3,182	13,006	1	-	-	-
Total district-wide	\$ 5,192,393	\$ 5,176,770	\$ 5,176,770	\$ 5,176,770	\$ 5,216,807	\$ 5,339,649	\$ 5,464,988	\$ 5,558,788	\$ 5,743,551	\$ 5,858,501
Change in Net Position										
Governmental activities	\$ 838,702	\$ 338,513	\$ 617,646	\$ 298,170	\$ (7,761)	\$ 17,328	\$ (322,082)	\$ (87,980)	\$ 146,668	\$ 2,528
Business-type activities	(9,110)	16,453	6,095	14,384	9,154	(47,767)	10,710	(8,536)	44,499	29,266
Total district	\$ 829,592	\$ 354,966	\$ 623,741	\$ 312,554	\$ 1,393	\$ (30,439)	\$ (311,372)	\$ (96,516)	\$ 191,167	\$ 31,794

Source: CAFR Schedule A-2

**Washington Township School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 850,701	\$ 881,676	\$ 437,299	\$ 432,803	\$ 601,570	\$ 865,613	\$ 520,796	\$ 463,460	\$ 565,452	\$ 567,579
Unreserved	113,305	108,929	(29,448)	43,233	68,989	(14,751)	10,637	39,798	(5,564)	(2,829)
Total general fund	<u>\$ 964,006</u>	<u>\$ 990,605</u>	<u>\$ 407,851</u>	<u>\$ 476,036</u>	<u>\$ 670,559</u>	<u>\$ 850,862</u>	<u>\$ 531,433</u>	<u>\$ 503,258</u>	<u>\$ 559,888</u>	<u>\$ 564,750</u>
All Other Governmental Funds										
Reserved	\$ 70,375	\$ 36,759	\$ 86,821	\$ 331,091						
Unreserved, reported in:										
Special revenue fund										
Capital projects fund							\$ 4,694			
Debt service fund	189,713	186,963	269,443	31,500						
Trust and agency fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 260,088</u>	<u>\$ 223,722</u>	<u>\$ 356,264</u>	<u>\$ 362,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,694</u>	<u>\$ -</u>	<u>\$ -</u>

Source: CAFR Schedule B-1

**Washington Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<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>
Revenues										
Tax levy	\$ 4,786,848	\$ 5,043,268	\$ 4,901,723	\$ 4,997,216	\$ 5,198,441	\$ 5,287,410	\$ 5,440,521	\$ 5,549,331	\$ 5,732,086	\$ 5,843,253
Tuition charges	-	-	-	-	-	-	-	-	-	-
Interest earnings	11,484	22,000	5,000	5,000	1,300	900	450	198	-	141
Miscellaneous	438,995	160,825	90,710	90,432	77,304	111,555	129,931	99,760	105,181	113,807
State sources	3,800,229	3,880,673	3,813,131	3,366,572	3,270,228	3,446,295	3,592,084	3,528,313	3,757,656	3,745,372
Federal sources	214,193	220,754	195,234	583,655	208,107	365,935	279,038	239,981	227,518	229,086
Total revenue	9,251,749	9,327,520	9,005,798	9,042,875	8,755,380	9,212,095	9,442,024	9,417,583	9,822,441	9,931,659
Expenditures										
Instruction										
Regular Instruction	2,595,290	2,691,869	2,704,680	2,933,834	2,806,262	2,767,755	2,948,907	2,790,110	2,863,940	2,724,490
Special education instruction	504,329	640,688	612,031	665,250	558,816	673,503	643,433	649,149	719,191	764,829
Other special instruction	136,548	190,103	242,086	222,771	281,613	242,927	330,353	304,816	318,584	353,713
Other instruction	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	65,525	84,333	20,301	2,677	-	2,973	-	16,722	865	-
Student & instruction related services	1,287,463	1,371,920	1,286,168	1,190,350	1,227,792	1,313,075	1,333,308	1,390,299	1,372,008	1,441,669
General administrative services	458,763	465,097	466,039	457,817	451,681	499,714	491,452	523,503	507,276	496,693
School administrative services	290,418	308,597	309,244	322,008	291,037	287,416	291,959	295,113	275,281	267,751
Plant operations and maintenance	533,069	584,489	594,517	560,292	554,145	587,567	669,432	653,583	668,962	694,077
Pupil transportation	472,494	488,547	463,636	407,245	415,917	380,833	391,551	438,363	411,691	454,824
Unallocated employee benefits	1,876,766	1,918,622	1,746,309	1,954,880	1,949,218	2,211,422	2,417,284	2,264,373	2,345,401	2,483,990
Transfer to Charter School	-	8,956	16,029	17,378	20,886	13,394	6,739	-	-	48,889
Capital Outlay	316,161	354,141	775,445	231,361	362,915	38,213	237,035	115,033	287,306	195,872
Debt service:										
Principal	180,000	200,000	199,000	-	-	-	-	-	-	-
Interest and other charges	43,425	29,925	14,925	-	-	-	-	-	-	-
Total expenditures	8,760,251	9,337,287	9,450,410	8,965,863	8,920,282	9,018,792	9,761,453	9,441,064	9,770,505	9,926,797
Excess (Deficiency) of revenues over (under) expenditures	491,498	(9,767)	(444,612)	77,012	(164,902)	193,303	(319,429)	(23,481)	51,936	4,862
Other Financing Sources (uses)										
Transfers in	-	-	-	-	-	-	204,500	18,775	127,308	-
Transfers out	-	-	(5,600)	(2,500)	(3,166)	(13,000)	(204,500)	(18,775)	(127,308)	-
Total other financing sources (uses)	-	-	(5,600)	(2,500)	(3,166)	(13,000)	-	-	-	-
Net change in fund balances	\$ 491,498	\$ (9,767)	\$ (450,212)	\$ 74,512	\$ (168,068)	\$ 180,303	\$ (319,429)	\$ (23,481)	\$ 51,936	\$ 4,862
Debt service as a percentage of noncapital expenditures	2.6%	2.6%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Interest on</u> <u>Cap. Reserve</u> <u>Account</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Rentals</u>	<u>Transportation</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2007	\$ 89,536	\$ 11,484	\$ 29,899		\$ 45,000		\$ 760	176,679
2008	55,691	22,000	37,479		50,000	16,441	1,214	182,825
2009	17,681	5,000	14,871		50,600		6,670	94,822
2010	11,899	5,000	9,552		68,069		440	94,960
2011	7,903	1,300	5,045		60,254		1,542	76,044
2012	4,352	900	2,749		60,222		41,271	109,494
2013	3,403	450	5,212		81,674	24,241	11,963	126,943
2014	1,468	198	4,996		90,501		2,285	99,448
2015	1,635				93,716		8,440	103,791
2016	2,785	141	10,778		98,700		1,000	113,404

SOURCE: District Records

**Washington Township School District
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years**

Exhibit J-6

<u>Fiscal Year Ended June 30.</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2007	\$14,628,800	\$536,884,999	\$22,414,900	\$2,476,950	\$64,846,300	\$3,501,200	\$1,880,300	\$703,760,363	\$55,543,393	\$1,583,521	\$648,216,970	\$0.743	\$775,005,637
2008	12,837,300	549,201,899	22,711,000	2,359,325	66,817,300	3,501,200	1,880,300	719,898,703	58,981,148	1,609,231	660,917,555	0.763	868,978,308
2009	12,393,800	555,261,299	23,399,000	2,416,625	67,642,300	3,501,200	1,880,300	725,579,495	57,633,148	1,451,823	667,946,347	0.734	916,654,088
2010	11,825,300	558,724,549	25,067,700	2,221,900	67,930,800	3,501,200	1,880,300	730,065,657	57,381,248	1,532,660	672,684,409	0.743	929,965,653
2011	11,583,100	559,661,851	25,506,800	2,366,600	68,327,500	3,501,200	1,780,300	731,464,521	57,198,448	1,538,722	674,266,073	0.771	907,913,314
2012	11,030,400	561,000,051	24,688,300	2,272,900	72,406,800	3,501,200	1,780,300	735,914,452	57,883,448	1,351,053	678,031,004	0.780	870,082,342
2013	10,920,500	560,621,701	25,051,400	2,290,500	74,188,700	3,495,900	1,780,300	737,267,062	57,795,648	1,122,413	679,471,414	0.801	826,466,429
2014	10,364,300	558,903,101	26,397,900	2,399,300	75,759,900	3,445,900	1,780,300	737,724,389	57,457,248	1,216,440	680,267,141	0.816	784,880,638
2015	10,399,600	557,929,101	26,422,900	2,410,900	75,491,100	3,445,900	1,780,300	737,538,935	58,674,448	984,686	678,864,487	0.844	741,130,019
2016	11,107,000	557,507,301	25,814,400	2,465,700	77,247,900	3,445,900	1,780,300	739,047,749	59,679,148	100	679,368,601	0.860	730,164,989

Source: District records Tax list summary & 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

**Washington Township School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Washington Township Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Regional School District	Washington Township	Library	Warren County	
2007	\$0.715	\$0.028	\$0.743	\$0.908	\$0.395	\$0.062	\$0.675	\$2.783
2008	\$0.739	\$0.024	\$0.763	\$0.940	\$0.415	\$0.068	\$0.734	\$2.920
2009	\$0.711	\$0.023	\$0.734	\$0.892	\$0.451	\$0.072	\$0.764	\$2.913
2010	\$0.743	\$0.000	\$0.743	\$0.944	\$0.469	\$0.072	\$0.769	\$2.997
2011	\$0.771	\$0.000	\$0.771	\$0.989	\$0.495	\$0.065	\$0.760	\$3.080
2012	\$0.780	\$0.000	\$0.780	\$0.999	\$0.552	\$0.006	\$0.808	\$3.145
2013	\$0.801	\$0.000	\$0.801	\$1.073	\$0.572	\$0.058	\$0.766	\$3.270
2014	\$0.816	\$0.000	\$0.816	\$0.964	\$0.581	\$0.058	\$0.765	\$3.184
2015	\$0.844	\$0.000	\$0.844	\$1.129	\$0.597	\$0.058	\$0.785	\$3.413
2016	\$0.860	\$0.000	\$0.860	\$1.154	\$0.613	\$0.000	\$0.834	\$3.461

Source: District Records and Municipal Tax Collector

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

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**

Exhibit J-8

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Asbury Farms (including Golf Course)	\$12,468,268	1	1.84%	\$ 6,675,000	2	1.06%
Washington Shopping Centers, Inc.-A&P	6,466,700	2	0.95%	7,938,700	1	1.26%
Desapio Properties, #3, LLC	3,499,300	3	0.52%	3,499,300	3	0.56%
Ed Mark 31, LLC	3,243,900	4	0.48%	3,243,900	4	
Fitzgibbon, Smith & Smith	3,134,900	5	0.46%	3,134,900	5	0.57%
Asbury Farms Project 20, LLC	2,659,800	6	0.39%			0.44%
Washington Realty, LLC	2,291,700	7	0.34%	2,221,700	9	0.35%
Individual Taxpayer #1	1,934,999	8	0.28%			0.0036
Individual Taxpayer #2	1,900,000	9	0.28%	2,261,500	8	
I. C. Washington Inc., - Eckerd Drug	1,875,400	10	0.28%	2,279,400	7	0.36%
Drugach Realty Co. - Shop Rite				2,778,200	6	
Witte Holdings, Inc.				1,677,700	10	0.27%
Total	\$ 39,474,967		5.81%	\$ 35,710,300		5.23%

Source: District CAFR & Municipal Tax Assessor

**Washington Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$4,786,848	\$4,786,848	100.00%	-
2008	\$5,043,268	\$5,043,268	100.00%	-
2009	\$4,901,723	\$4,901,723	100.00%	-
2010	\$4,997,216	\$4,997,216	100.00%	-
2011	\$5,198,441	\$5,198,441	100.00%	-
2012	\$5,287,410	\$5,287,410	100.00%	-
2013	\$5,440,521	\$5,440,521	100.00%	-
2014	\$5,549,331	\$5,549,331	100.00%	-
2015	\$5,732,086	\$5,732,086	100.00%	-
2016	\$5,843,253	\$5,843,253	100.00%	-

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

Note:

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 is 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**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2007	\$ 399,000	-	-	-	-0-	\$ 399,000	0.14%	\$57.94	
2008	199,000	-	-	-	-0-	199,000	0.07%	29.05	
2009	-	-	-	-	-0-	-	0.00%	-	
2010	-	-	-	-	-0-	-	0.00%	-	
2011	-	-	-	-	-0-	-	0.00%	-	
2012	-	-	-	-	-0-	-	0.00%	-	
2013	-	-	-	-	-0-	-	0.00%	-	
2014	-	-	-	-	-0-	-	0.00%	-	
2015	-	-	-	-	-0-	-	0.00%	-	
2016	-	-	-	-	-0-	-	0.00%	-	

Source: District CAFR Schedules I-1, I-2

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

**Washington Township School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

Exhibit J-11

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	\$ 399,000	-0-	\$ 399,000	0.06%	\$ 58 R
2008	199,000	-0-	199,000	0.03%	29 R
2009	-	-0-	-	0.00%	- R
2010	-	-0-	-	0.00%	- R
2011	-	-0-	-	0.00%	- R
2012	-	-0-	-	0.00%	- R
2013	-	-0-	-	0.00%	- R
2014	-	-0-	-	0.00%	- R
2015	-	-0-	-	0.00%	- R
2016	-	-0-	-	0.00%	- *

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

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

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

R Revised

* Current data unavailable

**Washington Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2016**

Exhibit J-12

<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 Township of Washington	\$ 9,310,485	100.000%	\$ 9,310,485
Other debt Warren County	4,075,000	6.756%	<u>275,299</u>
Subtotal, overlapping debt			9,585,784
Washington Township School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 9,585,784</u></u>

Sources: Township Finance Officer, Warren County Finance Office
and Utility Authorities

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

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

Washington Township School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis
	2013 739,143,029
	2014 726,559,272
	2015 721,274,553
	[A] \$ 2,186,976,854
Average equalized valuation of taxable property	[A/3] \$ 728,992,285
Debt limit (3 % of average equalization value)	[B] 21,869,769
Net bonded school debt	[C] -
Legal debt margin	[B-C] \$ 21,869,769

	Fiscal Year									
	<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>
Debt limit	\$22,454,753	\$24,966,669	\$26,696,370	\$27,229,520	\$26,813,338	\$25,830,996	\$24,619,346	\$23,401,519	\$22,458,961	\$ 21,869,769
Total net debt applicable to limit	399,000	199,000	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$22,055,753</u>	<u>\$24,767,669</u>	<u>\$26,696,370</u>	<u>\$27,229,520</u>	<u>\$26,813,338</u>	<u>\$25,830,996</u>	<u>\$24,619,346</u>	<u>\$23,401,519</u>	<u>\$22,458,961</u>	<u>\$21,869,769</u>
Total net debt applicable to the limit as a percentage of debt limit	1.78%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

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

**Washington Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2007	6,886	\$ 288,674,892	\$41,922 R	4.8%
2008	6,851	\$ 300,464,307	\$43,857 R	6.4%
2009	6,865	\$ 293,087,445	\$42,693 R	11.3%
2010	6,843	\$ 295,528,641	\$43,187 R	11.6%
2011	6,643	\$ 298,383,631	\$44,917 R	10.8%
2012	6,593	\$ 304,411,996	\$46,172 R	10.5%
2013	6,538	\$ 303,984,310	\$46,495 R	6.0%
2014	6,471	\$ 314,781,795	\$48,645 R	5.3%
2015	6,471	\$ 314,781,795	\$48,645 *	4.8%
2016	6,465	\$ 314,489,925	\$48,645 *	*

Source:

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

^b Personal income provided by US Dept Commerce

^c Per Capita provided by NJ Dept of Labor

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

P =Projected

R =Revised

* Current data unavailable

Washington Township School District
Principal Employers,
Current Year and Nine Years Ago

Exhibit J-15
N/A

Employer	2016			2007		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

Source:
No reliable information is available at the local or county level.

**Washington Township School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<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	39.1	39.1	39.0	35.1	38.0	37.0	38.0	37.0	38.0	37.0
Special education	11.9	13.4	12.0	12.5	12.8	11.3	13.8	15.0	15.0	16.0
Other instruction	18.6	19.9	20.3	20.3	15.3	21.1	22.3	21.2	22.0	21.8
Support Services:										
Tuition										
Student & instruction related services	7.0	9.8	9.8	11.2	9.1	9.8	10.5	10.4	9.8	10.2
General administrative services	1.8	1.8	1.7	1.5	2.7	2.7	2.7	2.7	2.7	2.7
School administrative services	4.7	4.7	4.7	4.7	4.5	4.3	4.3	4.3	4.3	4.3
Business administrative services	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.5	1.6
Plant operations and maintenance	6.0	6.4	5.4	6.6	6.5	6.5	5.9	5.6	5.6	5.6
Pupil transportation	1.8	2.0	1.6	1.4	1.5	1.5	1.5	1.4	1.4	1.6
Food Service	3.5	3.5	3.8	3.8	3.8	3.8	0.0	0.0	0.0	0.0
Child Care		1.4	1.5	1.5	1.5	1.5	1.5	1.5	2.0	1.5
Total	<u>95.9</u>	<u>102.1</u>	<u>99.8</u>	<u>100.1</u>	<u>97.2</u>	<u>101.0</u>	<u>102.0</u>	<u>100.7</u>	<u>102.3</u>	<u>102.3</u>

Source: District Personnel Records

Washington Township School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2007	670	\$ 8,220,665	\$ 12,270	3.64%	51	13:1		671.7	643.0	1.69%	95.7%
2008	645	\$ 8,744,265	\$ 13,557	10.49%	53	12:1		651.2	624.1	-3.05%	95.8%
2009	646	\$ 8,445,011	\$ 13,073	-3.57%	52	12:1		638.7	612.2	-1.92%	95.9%
2010	648	\$ 8,717,124	\$ 13,452	2.90%	51	12:1		649.7	620.0	1.72%	95.4%
2011	615	\$ 8,536,481	\$ 13,880	3.18%	51	12:1		613.1	586.4	-5.63%	95.6%
2012	604	\$ 8,967,185	\$ 14,846	6.96%	50	12:1		597.2	570.4	-2.59%	95.5%
2013	600	\$ 9,524,418	\$ 15,874	6.92%	54	11.1:1		596.2	568.3	-0.17%	95.3%
2014	541	\$ 9,326,031	\$ 17,239	8.60%	53	10.2:1		545.1	521.7	-8.57%	95.7%
2015	522	\$ 9,483,199	\$ 18,167	5.39%	53	9.8:1		519.0	494.8	-4.79%	95.3%
2016	489	\$ 9,730,925	\$ 19,900	9.54%	52	9.4:1		483.7	461.9	-6.80%	95.5%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

**Washington Township School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

<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>
<u>Elementary</u>										
Brass Castle (1961)										
Square Feet	37,400	37,400	37,400	37,400	37,400	37,400	37,400	37,400	37,400	37,400
Capacity (students)	456.6	456.6	456.6	456.6	456.6	456.6	456.6	456.6	456.6	456.6
Enrollment	413.8	423.1	390.8	391.0	363.0	356.0	357.0	342.0	327.0	304.0
Port Colden (1932)										
Square Feet	26,450	26,450	26,450	26,450	26,450	26,450	26,450	26,450	26,450	26,450
Capacity (students)	302.4	302.4	302.4	302.4	302.4	302.4	302.4	302.4	302.4	302.4
Enrollment	257.9	228.1	247.9	257.0	252.0	248.0	239.0	199.0	194.0	177.0
Old School House (District Office)										
Square Feet	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Number of Schools at June 30, 2016

Source: District records, ASSA

Elementary = 2

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2016

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>	<u>Total</u>
Brass Castle	040	\$84,734	\$84,898	\$85,035	\$86,547	\$84,366	\$111,056	\$158,490	\$108,856	\$109,732	\$112,006	\$1,025,720
Port Colden	050	56,489	56,599	56,690	57,698	56,244	78,427	111,925	76,874	77,492	79,098	707,536
PC Old Schoolhouse							7,077	10,099	6,936	6,992	7,137	38,241
Total School Facilities		141,223	141,497	141,725	144,245	140,610	196,560	280,514	192,666	194,216	198,241	1,771,497
Other Facilities												
Grand Total		\$141,223	\$141,497	\$141,725	\$144,245	\$140,610	\$196,560	\$280,514	\$192,666	\$194,216	\$198,241	\$1,771,497

WASHINGTON TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2016

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
SCHOOL PACKAGE POLICY - SAIF		
*Property-Blanket Building and Contents	\$ 250,000,000	\$ 2,500
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	1,000
Comprehensive Crime Coverage (each loss)	400,000	1,000
Blanket Dishonesty Bond (per loss)	400,000	1,000
BOILER AND MACHINERY - SAIF		
*Property Damage	100,000,000	1,000
UMBRELLA LIABILITY- SAIF		
Umbrella Policy	5,000,000	Per Occurrence
SCHOOL BOARD LEGAL LIABILITY - SAIF		
Directors and Officers Policy	5,000,000	5,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND - Selective Insurance		
Board Administrator	35,000	
Treasurer	180,000	

* School Alliance Insurance Fund (SAIF)

SOURCE: District Records

Single Audit Section



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 Douglas R. Williams, CPA, RMA, PSA

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 Auditor's Report

Honorable President and
 Members of the Board of Education
 Washington Township School District
 County of Warren
 Washington, New Jersey 07882

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington Township School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Washington Township School District Board of Education's basic financial statements, and have issued our report thereon dated August 31, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

-Continued-

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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* or audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

ARDITO & Co., LLP

ARDITO & CO., LLP

August 31, 2016

Cynthia Corder

Licensed Public School Accountant No.2369



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 Douglas R. Williams, CPA, RMA, PSA

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB circular 15-08

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Washington Township School District
 County of Warren
 Washington, New Jersey 07882

Report on Compliance for Each Major State Program

We have audited the Washington Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2016. The Washington Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey 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.

-Continued-

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.

Opinion on Each Major State Program

In our opinion, the Washington Township School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Washington Township School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Washington Township School District Board of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB circular 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

ARDITO & Co., LLP

ARDITO & CO., LLP
August 31, 2016

Carmen Credler

Licensed Public School Accountant No.2369

WASHINGTON TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2016

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2015	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	BALANCE AT JUNE 30, 2016				MEMO		
									REPAYMENT OF PRIOR YEARS' BALANCES	(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education															
General Fund															
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 1,702,476			\$ 1,702,476	\$ (1,702,476)								
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	258,367			258,367	(258,367)							\$ 162,825	\$ 1,702,476
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	329,211			329,211	(329,211)							24,711	258,367
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	47,406			47,406	(47,406)							31,486	329,211
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	286,365			286,365	(286,365)							4,534	47,406
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	4,950			4,950	(4,950)							27,388	286,365
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	4,950			4,950	(4,950)							473	4,950
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	42,972				(42,972)			\$ (42,972)				473	4,950
Extraordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	79,230	\$ (79,230)		79,230									42,972
Non- Public Transportation Aid	16-100-034-5120-068	7/1/15-6/30/16	393				(393)				(393)				79,230
Non- Public Transportation Aid	15-100-034-5120-068	7/1/14-6/30/15	3,598	(3,598)		3,598									393
On Behalf TPAF Pension	16-495-034-5094-002	7/1/15-6/30/16	307,512			307,512	(307,512)								3,598
On Behalf TPAF Pension PMR	16-495-034-5094-001	7/1/15-6/30/16	384,402			384,402	(384,402)								307,512
On Behalf TPAF Pension Non-Contrib Ins	16-495-034-5094-004	7/1/15-6/30/16	15,318			15,318	(15,318)								384,402
Reimb. TPAF Soc.Secur.Contrib.	16-495-034-5094-003	7/1/15-6/30/16	306,698			291,972	(306,698)				(30,281)				15,318
Total General Fund				(98,383)		3,715,757	(3,691,020)				(73,646)			251,890	3,773,848
Special Revenue Fund															
N.J. Nonpublic Aid:															
Textbooks Aid	16-100-034-5120-064	7/1/15-6/30/16	5,881	16		5,881	(5,764)			\$ (16)			\$ 117		5,764
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	9,270			9,270	(9,270)								9,270
Technology Aid	16-100-034-5120-373	7/1/15-6/30/16	2,678	446			(2,577)			(446)			101		2,577
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	2,575			2,575	(2,575)						-		2,575
Auxiliary Services:															
Compensatory Education	16-100-034-512a-067	7/1/15-6/30/16	20,305	13,705		20,305	(16,328)			(13,705)			3,977		16,328
Handicapped Services:															
Examination and Classification	16-100-034-512b-066	7/1/15-6/30/16	3,068	3,242		3,068	(3,068)			(3,242)			-		3,068
Corrective Speech	16-100-034-512a-066	7/1/15-6/30/16	5,852			5,852	(5,852)								5,852
Supplementary Instruction	16-100-034-512c-066	7/1/15-6/30/16	1,485	2,433		1,485	(742)			(2,433)			743		742
Total Special Revenue Fund				19,842		51,114	(46,176)			(19,842)			-	4,938	46,176
State Department of Agriculture															
Enterprise Fund:															
Nat.School Lunch Prog.(State Share)	15-100-034-5120-122	7/1/14-6/30/15		(171)		171									
Nat.School Lunch Prog.(State Share)	16-100-034-5120-122	7/1/15-6/30/16	1,605			1,499	(1,605)			(106)					1,605
Total Enterprise Fund				(171)		1,670	(1,605)			(106)					1,605
Total State Financial Assistance				\$ (78,712)		\$ 3,768,541	\$ (3,738,801)			\$ (19,842)	\$ (73,752)			\$ 251,890	\$ 3,821,629

Less: On-behalf TPAF Pension Amounts 707,232

Total State Expenditures Subject to Major Program Determination \$ (3,031,569)

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Washington Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$4,596 for the general fund and \$1,259 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 3,695,616	\$ 3,695,616
Special Revenue Fund	\$ 229,086	49,756	278,842
Food Service Fund	<u>48,941</u>	<u>1,606</u>	<u>50,547</u>
Total Financial Assistance	<u>\$ 278,027</u>	<u>\$ 3,746,978</u>	<u>\$ 4,025,005</u>

NOTE 4. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? ___ Yes __x__ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes __x__ None

Reported

Noncompliance material to financial statements noted? ___ Yes __x__ No

Federal Awards

N/A

Internal control over major programs:

1) Material weakness(es) identified? ___ Yes ___ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ None

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? ___ Yes ___ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

Dollar threshold used to distinguish between Type A and Type B programs: N/A

Auditee qualified as low-risk auditee? ___ yes ___ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section II-Financial Statement Findings

N/A

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with *Government Auditing Standards*.

Section III - State Financial Assistance Findings and Questioned Costs

N/A

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

STATUS OF PRIOR YEAR FINDINGS

N/A

In accordance with *government auditing standards* , our procedures included a review of all prior year recommendations. There were no prior year findings.