

WINFIELD TOWNSHIP SCHOOL DISTRICT

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2016

WINFIELD TOWNSHIP SCHOOL DISTRICT

***Winfield Township School District
Winfield, New Jersey***

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Prepared by

***Winfield Township School District
Finance Department***

And

Barre & Company, CPAs

STATE BOARD OF EDUCATION

MARK W. BIEDRON Hunterdon
President

JOSEPH FISICARO Burlington
Vice President

ARCELIO APONTE Middlesex

RONALD K BUTCHER Gloucester

JACK FORNARO Warren

EDITHE FULTON Ocean

ERNEST P. LEPORE Hudson

ANDREW J. MULVIHILL Sussex

J. PETER SIMON Morris

DOROTHY S. STRICKLAND Essex

**David C. Hespe, Commissioner of Education
Secretary, State Board of Education**

**WINFIELD TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION	1
Letter of Transmittal	2
Organizational Chart	7
Roster of Officials.....	8
Consultants and Advisors	9
FINANCIAL SECTION	10
Independent Auditor’s Report	11
REQUIRED SUPPLEMENTARY INFORMATION – PART I	15
Management’s Discussion and Analysis	16
BASIC FINANCIAL STATEMENTS	27
SECTION A - DISTRICT-WIDE FINANCIAL STATEMENTS	28
A-1 Statement of Net Position	29
A-2 Statement of Activities.....	30
SECTION B - FUND FINANCIAL STATEMENTS	31
GOVERNMENTAL FUNDS	32
B-1 Balance Sheet.....	33
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance.....	34
B-3 Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
PROPRIETARY FUNDS	36
B-4 Statement of Net Position	37
B-5 Statement of Revenues, Expenses, and Changes in Net Position.....	38
B-6 Statement of Cash Flows	39
FIDUCIARY FUNDS	40
B-7 Statement of Fiduciary Net Position	41
B-8 Statement of Changes in Fiduciary Net Position	42
NOTES TO THE FINANCIAL STATEMENTS	43
REQUIRED SUPPLEMENTARY INFORMATION – PART II	83

**WINFIELD TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

FINANCIAL SECTION (CONTINUED)

SECTION C – BUDGETARY COMPARISON SCHEDULE	84
C-1 Budgetary Comparison Schedule – General Fund.....	85
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual.....	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	90
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II.....	91
C-3 Budget-to-GAAP Reconciliation	92
REQUIRED SUPPLEMENTARY INFORMATION – PART III	93
SECTION L – DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR TPAF AND PERS AND DISTRICT’S PERS CONTRIBUTION	94
L-1 Schedules of the School District’s Proportionate Share of the Net Pension Liability – PERS.....	95
L-2 Schedules of School District Contributions – PERS.....	96
L-3 Schedules of the School District’s Proportionate Share of the Net Pension Liability – TPAF	97
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III.....	98
OTHER SUPPLEMENTARY INFORMATION	101
SECTION D – SCHOOL BASED BUDGET SCHEDULES.....	N/A
D-1 Combining Balance Sheet.....	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
SECTION E – SPECIAL REVENUE FUND.....	102
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis	103
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	N/A
SECTION F – CAPITAL PROJECTS FUND.....	N/A
F-1 Summary Schedule of Project Expenditures.....	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	N/A
F-2(x) Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	N/A

**WINFIELD TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

FINANCIAL SECTION (CONTINUED)

SECTION G – PROPRIETARY FUND 104

ENTERPRISE FUND..... N/A

G-1 Combining Schedule of Net Position..... N/A

G-2 Combining Schedule of Revenues, Expenditures, and Changes in Net
Position N/A

G-3 Combining Schedule of Cash Flows N/A

INTERNAL SERVICE FUND..... N/A

G-4 Combining Schedule of Net Position..... N/A

G-5 Combining Schedule of Revenues, Expenditures, and Changes in Net
Position N/A

G-6 Combining Schedule of Cash Flows N/A

SECTION H – FIDUCIARY FUNDS 105

H-1 Combining Statement of Fiduciary Net Position..... 106

H-2 Statement of Changes in Fiduciary Net Position..... 107

H-3 Student Activity Agency Fund – Schedule of Receipts and Disbursements..... 108

H-4 Payroll Agency Fund – Schedule of Receipts and Disbursements 109

SECTION I – LONG-TERM DEBT SCHEDULES 110

I-1 Schedule of Serial Bonds..... N/A

I-2 Schedule of Obligations under Capital Leases 111

I-3 Debt Service Fund Budgetary Comparison Schedule..... N/A

STATISTICAL SECTION (UNAUDITED) 112

INTRODUCTION TO THE STATISTICAL SECTION 113

FINANCIAL TRENDS..... 114

J-1 Net Assets/Position by Component..... 115

J-2 Changes in Net Assets/Position 116

J-3 Fund Balances – Governmental Funds..... 118

J-4 Changes in Fund Balances – Governmental Funds..... 119

J-5 General Fund Other Local Revenue by Source 120

REVENUE CAPACITY 121

J-6 Assessed Value and Estimated Actual Value of Taxable Property 122

J-7 Direct and Overlapping Property Tax Rates..... 123

J-8 Principal Property Taxpayers* 124

J-9 Property Tax Levies and Collections 125

**WINFIELD TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

STATISTICAL SECTION (CONTINUED)

DEBT CAPACITY..... 126

J-10 Ratios of Outstanding Debt by Type 127
 J-11 Ratios of General Bonded Debt by Type..... 128
 J-12 Direct and Overlapping Governmental Activities Debt..... 129
 J-13 Legal Debt Margin Information 130

DEMOGRAPHIC AND ECONOMIC INFORMATION 131

J-14 Demographic and Economic Statistics 132
 J-15 Principal Employers..... 133

OPERATING INFORMATION 134

J-16 Full-time Equivalent District Employees by Function/Program 135
 J-17 Operating Statistics 136
 J-18 School Building Information..... 137
 J-19 Schedule of Required Maintenance Expenditures by School Facility..... 138
 J-20 Insurance Schedule..... 139

*Private citizens should be listed as Individual Taxpayer 1, Individual Taxpayer 2, etc.

SINGLE AUDIT SECTION 140

K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*..... 141
 K-2 Report on Compliance For Each Major State Program; Report On Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 144
 K-3 Schedule of Federal Financial Awards – Schedule A..... 147
 K-4 Schedule of State Financial Assistance – Schedule B..... 148
 K-5 Notes to the Schedules of Expenditures of Awards and Financial Assistance..... 149
 K-6 Schedule of Findings and Questioned Costs 152
 K-7 Summary Schedule of Prior Audit Findings and Questioned Costs as Prepared by the Management..... 155

INTRODUCTORY SECTION

WINFIELD TOWNSHIP SCHOOL DISTRICT
7 1/2 GULFSTREAM AVENUE
WINFIELD, NEW JERSEY 07036
(908) 486-7412

November 18, 2016

Honorable President and
Members of the Board of Education
Winfield Township School District
County of Union, New Jersey

Dear Board Members:

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

This report will provide the taxpayers of Winfield Township with comprehensive financial data in a format enabling them to gain an understanding of the District's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;

- The Single Audit Section — The District is required to undergo an annual single audit in conformity with the provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; the New Jersey State Office of Management and Budget (OMB) Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

School District Organization

An elected nine-member Board of Education (the "Board") serves as the policy maker for the District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of the School District tax money.

The Superintendent is the chief executive officer of the School District, responsible to the Board for total educational and support operations. The Board Secretary is the chief financial officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

1) REPORTING ENTITY AND ITS SERVICES: Winfield Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Winfield Board of Education and all its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as special education programs for handicapped youngsters. The current enrollment in the school is 156.

The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	156	1.30%
2014-2015	154	-1.38%
2013-2014	156	0.00%
2012-2013	156	3.79%
2011-2012	150	6.40%

2) ECONOMIC CONDITION AND OUTLOOK: The Township of Winfield has not shown any major changes in the growth of the community. No new homes have been built, with resident mobility being a result of resident unit turnover. The commercial operations remain very small; all located near the Mutual Housing Corporation headquarters. The corporation continues their campaign to upgrade the residential units with appropriate renovations.

New funding formulas at the State and Federal levels have produced an uncertain fiscal support environment. Given this fact, the district remains conservative in its fiscal management. The district is committed to operating as efficiently as possible while continuing to offer a comprehensive quality education for every student.

3) MAJOR INITIATIVES: The District is committed to curriculum enhancement and instructional program development. Implementation of and adherence to state developed Core Curriculum standards continue to be a major initiative. Curriculum and text materials continue to be evaluated on a regular basis, with scheduled reviews and modifications acted upon as needed. Technological initiatives remain a district priority. Modern technologies continue to be introduced to students in the Media Center and classroom setting for enhanced learning capabilities. The District commitment to student development consists of classroom learning via quality instruction, while offering an educational environment that will aid in the physical and social development of our students, while maintaining safety as a major priority in this endeavor.

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 control should not exceed the benefits likely to be derived
- (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and State financial assistance, the District is also 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 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, regulations, contracts, and grants.

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 and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

6) CASH MANAGEMENT: The investment policy of the District is guided by state statute as detailed in "Notes to Basic Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the 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.

7) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in J-20.

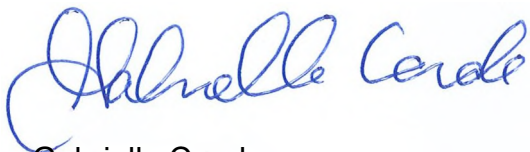
8) OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, Certified Public Accountants, was selected by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the New Jersey State Office of Management and Budget (OMB) Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports, related specifically to the single audit, are included in the single audit section of this report.

9) ACKNOWLEDGMENTS:

We would like to express our appreciation and thanks to the members of the Winfield Township School District's Board of Education for their determined effort to provide 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.

Respectfully submitted,

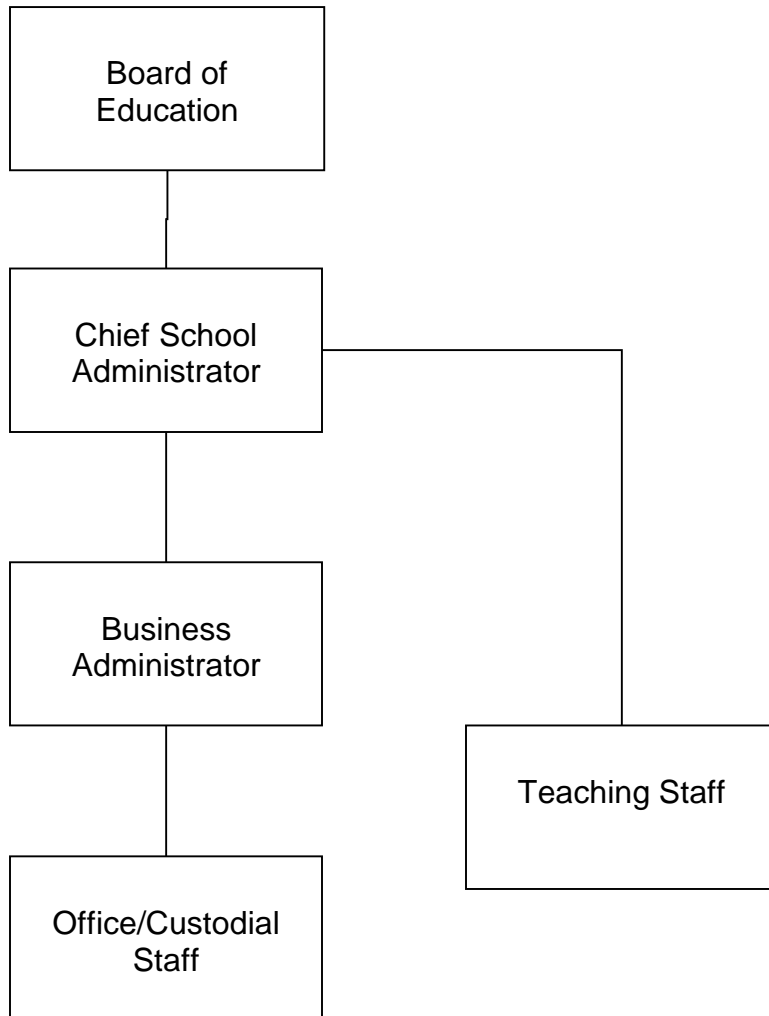


Gabrielle Conde
Business Administrator/Board Secretary

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

WINFIELD TOWNSHIP SCHOOL DISTRICT

Organizational Chart



**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Ms. Virginia Blackwell	2017
Ms. Shana LaRocca	2018
Mrs. Sandra Tobias	2017
Mr. Timothy Heuser	2018
Mrs. Maureen Byrne	2016
Mr. Adam Koomer	2017
Mrs. Lorraine Schwarze	2016
Mr. Frederick Viteka	2016
Mrs. Ann Marie Weiss	2017

OTHER OFFICIALS

Mr. Ross LeBrun, Chief School Administrator

Ms. Gabrielle Conde, School Business Administrator/Board Secretary

Mrs. Donna Hughes, Treasurer

Mr. Mark Tabakin, Solicitor

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company
Certified Public Accountants
2204 Morris Avenue, Suite 206
Union, New Jersey 07083

Attorney

Weiner Lesniak
629 Parsippany Road
Post Office Box 0438
Parsippany, NJ 07054-0438

Official Depository

TD Bank
1701 Route 70 East

Bank of America
601 North Wood Avenue

FINANCIAL SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

Independent Auditor's Report

Honorable President
Members of the Board of Education
Winfield Township School District
County of Union
Winfield, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Winfield Township School District (School District), in the County of Union, 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 School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, and District's Proportionate Share of the Net Pension Liability for TPAF and PERS and District's PERS Contributions and the related notes starting on pages 16, 84, and 94, respectively, 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 response 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.

Supplementary and Other Information

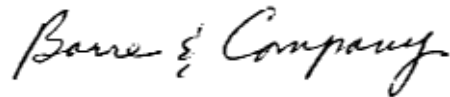
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements and schedules of expenditures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

The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use 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 nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory 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 it.

Other Reporting Required by *Government Auditing Standards* and the Division of Finance, Department of Education, State of New Jersey

In accordance with *Government Auditing Standards* and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated November 18, 2016 on our consideration of the Winfield Township School District's internal control over financial reporting and 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Division of Finance, Department of Education, State of New Jersey in considering the School District's internal control over financial reporting and compliance.



BARRE & COMPANY
Certified Public Accountants
Public School Accountants



Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 18, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

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

The Management's Discussion and Analysis (MD&A) of Winfield 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 basic financial statements and notes to enhance their understanding of the School District's financial performance. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ❖ General revenues accounted for \$3,427,130 in revenue or 94% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$209,190 or 6% of total revenues of \$3,636,320.
- ❖ The School District had \$3,656,292 in expenses; with \$209,190 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$3,427,130 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$3,527,475 in revenues and \$3,526,103 in expenditures and other financing sources. The General Fund's fund balance increased \$1,372 over 2015. This increase was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Winfield 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.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

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

Using this Comprehensive Annual Financial Report (CAFR) (Continued)

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 Winfield Township School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and ask 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 businesses. 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 that position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School District have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the School District 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.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund and Special Revenue Fund.

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 the reader 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.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found starting on page 43 of this report.

The School District as a Whole

Recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

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

The School District as a Whole (Continued)

Table 1 provides a summary of the School District's net position for 2016 and 2015.

**Table 1
Net Position**

	2016	2015
Assets		
Current and Other Assets	\$ 52,882	\$ 57,404
Capital Assets	<u>31,600</u>	<u>31,600</u>
Total Assets	<u>84,482</u>	<u>89,004</u>
Deferred Outflows of Resources		
Pensions	<u>201,577</u>	<u>29,353</u>
Liabilities		
Account and Other Payables	58,255	64,197
Other Current Liabilities	2,867	2,105
Long-Term Liabilities	<u>858,626</u>	<u>643,432</u>
Total Liabilities	<u>919,748</u>	<u>709,734</u>
Deferred Inflows of Resources		
Pensions	<u>13,328</u>	<u>35,668</u>
Net Position		
Net Investment in Capital Assets	31,600	31,600
Restricted	65,244	65,444
Unrestricted	<u>(743,861)</u>	<u>(724,089)</u>
Total Net Position	<u>\$ (647,017)</u>	<u>\$ (627,045)</u>

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

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

The School District as a Whole (Continued)

The District's combined net position (deficit) were (\$647,017) on June 30, 2016, and (\$627,045) for 2015.

Table 2 shows changes in net position for fiscal years ended 2016 and 2015.

**Table 2
Changes in Net Position**

	2016	2015
Revenues		
Program Revenues:		
Charges for Services	\$ 35,005	\$ 38,728
Operating Grants and Contributions	174,185	175,810
General Revenues:		
Property Taxes	1,557,450	1,526,912
Grants and Entitlements	1,865,852	1,800,529
Other	<u>3,828</u>	<u>15,386</u>
Total Revenues	<u>3,636,320</u>	<u>3,557,365</u>
Program Expenses		
Instruction	1,719,077	1,656,047
Support Services:		
Tuition	638,145	720,337
Student and Instruction Related	429,246	423,308
General and Business Administrative	212,312	165,989
School Administrative	56,187	49,712
Plant Operations and Maintenance	368,625	380,928
Pupil Transportation	161,420	183,163
Capital Outlay	10,000	10,000
Food Service	<u>61,280</u>	<u>59,901</u>
Total Program Expenses	<u>3,656,292</u>	<u>3,649,385</u>
Changes in Net Position	<u>\$ (19,972)</u>	<u>\$ (92,020)</u>

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

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

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. Property taxes made up 43% for 2016 and 44% for 2015 of revenues for governmental activities for the Winfield Township School District. The District's total revenues were \$3,589,454 for the year ended June 30, 2016, and \$3,508,201 for 2015. Federal, state, and local grants accounted for another 57% for 2016 and 56% for 2015 of revenues which includes \$298,392 for 2016 and \$256,985 for 2015 of state reimbursed TPAF pension and TPAF social security contributions.

The total cost of all program and services was \$3,595,012 for 2016 and \$3,589,484 for 2015. Instruction comprises 48% for 2016 and 46% for 2015 of District's expenses.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$714 for 2016 and by \$137 for 2015.
- ❖ Charges for services represent \$30,315 for 2016 and \$30,988 for 2015 of revenues. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast, and food distribution program were \$16,551 for 2016 and \$18,176 for 2015.

Governmental Activities

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

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

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

Governmental Activities (Continued)

Table 3

	Total Cost of Services	
	2016	2015
Instruction	\$ 1,719,077	\$ 1,656,047
Support Services:		
Tuition	638,145	720,337
Student and Instruction Related	429,246	423,308
General and Business Administrative	212,312	165,989
School Administrative	56,187	49,712
Plant Operations and Maintenance	368,625	380,928
Pupil Transportation	161,420	183,163
Capital Outlay	10,000	10,000
Total Expenses	\$ 3,595,012	\$ 3,589,484

	Net Cost of Services	
	2016	2015
Instruction	\$ 1,617,228	\$ 1,551,148
Support Services:		
Tuition	638,145	720,337
Student and Instruction Related	429,246	423,308
General and Business Administrative	212,312	165,989
School Administrative	56,187	49,712
Plant Operations and Maintenance	368,625	380,928
Pupil Transportation	100,945	122,688
Capital Outlay	10,000	10,000
Total Expenses	\$ 3,432,688	\$ 3,424,110

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

Tuition and Students and Instruction Related expenses include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General and Business Administration and School Administration expenses include expenses associated with administrative and financial supervision of the District.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

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

Governmental Activities (Continued)

Plant Operations and Maintenance expenses involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil Transportation expenses 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.

The School District's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$3,589,454 for 2016 and \$3,508,201 for 2015 and expenditures were \$3,588,082 for 2016 and \$3,620,054 for 2015. The net change in fund balance for the year was an increase of \$1,372 for 2016 and a decrease of \$111,853 for 2015. The positive change is most significant in the general fund for 2016 and a negative change for 2015.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2015	Percent of Increase/ (Decrease)
Local Sources	\$ 1,565,968	43.63%	\$ 15,930	1.03%
State Sources	1,961,507	54.64%	62,840	3.31%
Federal Sources	61,979	1.73%	2,483	4.17%
 Total	 <u>\$ 3,589,454</u>	 <u>100.00%</u>	 <u>\$ 81,253</u>	

Local revenues increased by \$15,930. The increase in local revenue was due to a tax increase needed to fund the additional expenditures associated with an increase in enrollment and higher operating costs.

Federal revenues increased due to additional funding in IDEA and NCLB funds.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

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

The School District's Funds (Continued)

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

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2015	Percent of Increase/ (Decrease)
Current Expense:				
Instruction	\$ 1,521,675	42.41%	\$ 40,129	2.71%
Undistributed	2,042,707	56.93%	(75,201)	-3.55%
Capital Outlay	10,000	0.28%	-	0.00%
Food Transfers	13,700	0.38%	3,100	29.25%
 Total	 <u>\$ 3,588,082</u>	 <u>100.00%</u>	 <u>\$ (31,972)</u>	

Changes in expenditures were the results of varying factors. Current expense increased due to additional staff and students, and increased health benefits and utility costs.

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.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- ♣ TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

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

General Fund Budgeting Highlights (Continued)

- ♣ Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into the District during the summer as well as the school year which necessitates transferring funds to the appropriate account to pay these special education costs.

Capital Assets

The School District had \$31,600 at June 30, 2016 and 2015 invested in land, building, furniture and equipment, and vehicles. Table 4 shows the balances of capital assets (net of depreciation) for fiscal years 2016 and 2015.

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

	2016	2015
Land and Land Improvements	\$ 31,600	\$ 31,600
Machinery and Equipment	-	-
Total	\$ 31,600	\$ 31,600

For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2016, the School District had \$858,626 of outstanding debt. Of this amount, \$15,000 is for compensated absences; \$14,697 is for capital lease, and \$828,929 is for net pension liability.

For more detailed information, please refer to the Notes to the Financial Statements.

For the Future

The Winfield Township School District is in stable financial condition presently. The School District is proud of its community support of the public schools. A concern is the continued growth of the District with the increased reliance on local property taxes.

In conclusion, the Winfield Township School District has committed itself to financial stability 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.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
WINFIELD, NEW JERSEY**

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

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 Ms. Gabrielle Conde, School Board Secretary at Winfield Township School District, 7 1/2 Gulfstream Avenue, Winfield, New Jersey 07036.

BASIC FINANCIAL STATEMENTS

SECTION A - 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.

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

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents:			
Unrestricted	\$ -	\$ 2,353	\$ 2,353
Restricted	976		976
Interfund Receivables	39,807		39,807
Receivables	7,490	740	8,230
Inventories		1,516	1,516
Capital Assets, Net	31,600		31,600
	<u>79,873</u>	<u>4,609</u>	<u>84,482</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions	201,577		201,577
	<u>201,577</u>	<u>-</u>	<u>201,577</u>
LIABILITIES:			
Cash Overdraft	13,956		13,956
Interfund Payable	41,042		41,042
Accounts Payable		3,257	3,257
Deferred Revenue	2,867		2,867
Noncurrent Liabilities:			
Due Within One Year	7,668		7,668
Due Beyond One Year:			
Other Long-Term Liabilities	22,029		22,029
Net Pension Liability	828,929		828,929
	<u>916,491</u>	<u>3,257</u>	<u>919,748</u>
DEFERRED INFLOWS OF RESOURCES:			
Pensions	13,328		13,328
	<u>13,328</u>	<u>-</u>	<u>13,328</u>
NET POSITION (DEFICIT):			
Net Investment in Capital Assets	31,600		31,600
Restricted for:			
Other Purposes	976	64,268	65,244
Unrestricted (Deficit)	(680,945)	(62,916)	(743,861)
	<u>\$ (648,369)</u>	<u>\$ 1,352</u>	<u>\$ (647,017)</u>

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

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

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes In Net Position		
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction:								
Regular	\$ 1,101,237	\$ 133,711	\$ 4,690	\$ -	\$ -	\$ (1,230,258)	\$ -	\$ (1,230,258)
Special Education	391,399	59,337		97,159		(353,577)		(353,577)
Other Special Education	3,214	574				(3,788)		(3,788)
Other Instruction	25,825	3,780				(29,605)		(29,605)
Support Services:								
Tuition	638,145					(638,145)		(638,145)
Student and Instruction Related Services	379,386	49,860				(429,246)		(429,246)
General and Business Administrative Services	190,307	22,005				(212,312)		(212,312)
School Administrative Services	47,992	8,195				(56,187)		(56,187)
Plant Operations and Maintenance	349,795	18,830				(368,625)		(368,625)
Pupil Transportation	158,320	3,100		60,475		(100,945)		(100,945)
Capital Outlay	10,000					(10,000)		(10,000)
Total Governmental Activities	3,295,620	299,392	4,690	157,634	-	(3,432,688)	-	(3,432,688)
BUSINESS-TYPE ACTIVITIES:								
Food Service	61,280		30,315	16,551			(14,414)	(14,414)
Total Business-Type Activities	61,280		30,315	16,551			(14,414)	(14,414)
Total Primary Government	\$ 3,356,900		\$ 35,005	\$ 174,185	\$ -	\$ (3,432,688)	\$ (14,414)	\$ (3,447,102)
GENERAL REVENUES:								
Property Taxes Levied For:								
General Purposes			\$	1,557,450	\$		\$	1,557,450
Federal and State Aid Not Restricted				1,865,852				1,865,852
Miscellaneous Income				3,828				3,828
Transfers				(13,700)			13,700	-
Total General Revenues				3,413,430			13,700	3,427,130
Change in Net Position						(19,258)	(714)	(19,972)
Net Position (Deficit) - Beginning of Year						(629,111)	2,066	(627,045)
Net Position (Deficit) - Ending						(648,369)	1,352	(647,017)

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

SECTION B - 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.

GOVERNMENTAL FUNDS

WINFIELD TOWNSHIP SCHOOL DISTRICT
GOVERNMENT FUNDS
BALANCE SHEET
JUNE 30, 2016

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents	\$ -	\$ 41,042	\$ 41,042
Capital Reserve Account	976		976
Interfund Accounts Receivable	39,807		39,807
Receivables From Other Governments	4,623	2,867	7,490
Total Assets	\$ 45,406	\$ 43,909	\$ 89,315
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Cash Overdraft	\$ 54,998	\$ -	\$ 54,998
Interfund Accounts Payable		41,042	41,042
Deferred Revenue		2,867	2,867
Total Liabilities	54,998	43,909	98,907
Fund Balances:			
Reserved For:			
Capital Reserve Account	976		976
Unassigned:			
General Fund (Deficit)	(10,568)		(10,568)
Total Fund Balances (Deficit)	(9,592)	-	(9,592)
Total Liabilities and Fund Balances	\$ 45,406	\$ 43,909	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$703,872 and the accumulated depreciation is \$672,272.	31,600
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.	(29,697)
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	(828,929)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to pensions	201,577
Deferred inflows related to pensions	(13,328)
Net Position (Deficit) of Governmental Activities	\$ (648,369)

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

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

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 1,557,450	\$ -	\$ 1,557,450
Tuition	4,690		4,690
Miscellaneous	3,828		3,828
Total Local Sources	<u>1,565,968</u>	<u>-</u>	<u>1,565,968</u>
State Sources	1,961,507		1,961,507
Federal Sources		61,979	61,979
Total Revenues	<u>3,527,475</u>	<u>61,979</u>	<u>3,589,454</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	1,062,742	38,495	1,101,237
Special Education	391,399		391,399
Other Special Education	3,214		3,214
Other	25,825		25,825
Support Services and Undistributed Costs:			
Tuition	638,145		638,145
Student and Instruction Related Services	355,902	23,484	379,386
General and Business Administrative Services	169,677		169,677
School Administrative Services	47,992		47,992
Plant Operations and Maintenance	349,795		349,795
Pupil Transportation	158,320		158,320
Employee Benefits	299,392		299,392
Capital Outlay	10,000		10,000
Total Expenditures	<u>3,512,403</u>	<u>61,979</u>	<u>3,574,382</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,072</u>	<u>-</u>	<u>15,072</u>
OTHER FINANCING SOURCES (USES):			
Food Service:			
Transfers to Cover Deficit	<u>(13,700)</u>		<u>(13,700)</u>
Total Other Financing Sources (Uses)	<u>(13,700)</u>	<u>-</u>	<u>(13,700)</u>
NET CHANGE IN FUND BALANCES	1,372	-	1,372
FUND BALANCES (DEFICIT), JULY 1	<u>(10,964)</u>	<u>-</u>	<u>(10,964)</u>
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ (9,592)</u>	<u>\$ -</u>	<u>\$ (9,592)</u>

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

WINFIELD TOWNSHIP SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total net change in fund balances - governmental funds (B-2)	\$	1,372
--	----	-------

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

<p>In the statement of activities, certain expenses, e.g., compensated absences (vacations & sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		7,500
--	--	-------

<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds. The increase in capital leases is a reduction to the reconciliation. The decrease in capital leases is an addition to the reconciliation.</p>		7,668
---	--	-------

<p>Pension costs associated with the PERS pension plan are reported in the governmental funds as expenditures in the year the school pension contribution is paid. However, on the statement of activities, the net difference between the current and prior year net pension liability is recognized.</p>		<u>(35,798)</u>
--	--	-----------------

Change in net position of governmental activities	\$	<u><u>(19,258)</u></u>
---	----	------------------------

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

PROPRIETARY FUNDS

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

Business-Type Activities - Enterprise Funds

	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 2,353
Receivables from Other Governments	740
Inventories	1,516
Total Current Assets	4,609
Noncurrent Assets:	
Machinery and Equipment	33,630
Less: Accumulated Depreciation	(33,630)
Total Noncurrent Assets	-
Total Assets	\$ 4,609
LIABILITIES AND NET POSITION:	
Liabilities:	
Accounts Payable	\$ 3,257
Total Liabilities	3,257
Net Position:	
Net Investment in Capital Assets	-
Contributed Capital	64,268
Unrestricted	(62,916)
Total Net Position	1,352
Total Liabilities and Net Position	\$ 4,609

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

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

Business-Type Activities - Enterprise Funds	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 19,062
Daily Sales - Non-Reimbursable Programs	<u>11,253</u>
Total Operating Revenues	<u>30,315</u>
OPERATING EXPENSES:	
Salaries	20,808
Management Fees	9,250
Cost of Sales - Reimbursable Programs	22,049
Cost of Sales - Non-Reimbursable Programs	6,141
Miscellaneous Expenditures	<u>3,032</u>
Total Operating Expenses	<u>61,280</u>
OPERATING LOSS	<u>(30,965)</u>
NONOPERATING REVENUES:	
State Sources:	
State Lunch Program	445
Federal Sources:	
Federal Lunch Program	13,390
Federal Breakfast Program	501
Special Milk Program	315
U.S.D.A. Commodities	<u>1,900</u>
Total Nonoperating Revenues	<u>16,551</u>
Change in Net Position Before Other Financing Uses	<u>(14,414)</u>
OTHER FINANCING SOURCES:	
Transfers In	<u>13,700</u>
Total Other Financing Sources	<u>13,700</u>
CHANGE IN NET POSITION	(714)
TOTAL NET POSITION - JULY 1	<u>2,066</u>
TOTAL NET POSITION - JUNE 30	<u><u>\$ 1,352</u></u>

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

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

Business-Type Activities - Enterprise Funds

	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 30,324
Cash Payments to Suppliers and Employees	(59,734)
Net Cash Used In Operating Activities	(29,410)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received From State And Federal Reimbursements	16,551
Operating Transfers In - General Fund	13,700
Net Cash Provided By Noncapital Financing Activities	30,251
NET INCREASE IN CASH AND CASH EQUIVALENTS	841
CASH AND CASH EQUIVALENTS, JULY 1	1,512
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 2,353
 Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating Loss	\$ (30,965)
Change In Assets And Liabilities:	
Decrease In Receivables From Other Governments	9
Increase In Inventories	794
Increase In Accounts Payable	752
Net Cash Used In Operating Activities	\$ (29,410)

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

FIDUCIARY FUNDS

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

	<u>Bernstein/ Sweeney Scholarships</u>	<u>Agency Fund</u>
ASSETS:		
Cash and Cash Equivalents	\$ 3,180	\$ 4,892
Interfund Accounts Receivable		<u>4,258</u>
Total Assets	<u>3,180</u>	<u>\$ 9,150</u>
LIABILITIES:		
Cash Overdraft		\$ 3,908
Interfund Accounts Payable	350	2,673
Payable to Student Groups		<u>2,569</u>
Total Liabilities	<u>350</u>	<u>\$ 9,150</u>
NET POSITION:		
Restricted For:		
Principal Portion - Nonexpendable	<u>2,830</u>	
Total Net Position	<u>\$ 2,830</u>	

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

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

	<u>Bernstein/ Sweeney Scholarships</u>
ADDITIONS:	
Interest Income	<u>\$ 3</u>
Total Additions	<u>3</u>
DEDUCTIONS:	
Scholarship Payments	<u>350</u>
Total Deductions	<u>350</u>
Change in Net Position	(347)
Net Position, July 1	<u>3,177</u>
Net Position, June 30	<u><u>\$ 2,830</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Winfield 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.

The School District implemented Governmental Accounting Standard Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and Statement No. 71, "Pension Transition for Contribution Made Subsequent to the Measurement Date."

GASB Statement No. 68's objective is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirement of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers," as well as the requirements of Statement No. 50, "Pension Disclosures," as they relate to pensions that are provided through pension plan administered as trusts or equivalent arrangements that meet certain criteria.

GASB Statement No. 71 should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by the a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

A. Reporting Entity

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

WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Reporting Entity (Continued)

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.

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 non-exchange transactions. Business-type activities are financed in whole or in part by fees 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.

WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation, Basis of Accounting (Continued)

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.

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 non-instructional equipment which are classified in the capital outlay sub-fund.

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

WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation, Basis of Accounting (Continued)

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.

The District reports the following proprietary funds:

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

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 Scholarship Funds.

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

WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation, Basis of Accounting (Continued)

State 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.

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 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 fund as described later. 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. All budget amounts presented in the accompanying

**WINFIELD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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 year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the legally mandated revenue recognition of the last two state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)	\$ 64,846
Adjustments:	
Less Encumbrances at June 30, 2016	(4,972)
Plus Encumbrances at June 30, 2015	<u>2,105</u>
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 61,979</u>

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Encumbrances 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.

E. Assets, Liabilities, and Equity

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.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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 & Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

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.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Compensated Absences:

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

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

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.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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 eligibility 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.

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 are 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 are available.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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 Non-exchange 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.

Non-exchange 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 non-exchange 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.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

F. Pensions

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

G. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

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

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

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

WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Impact of Recently Issued Accounting Principles (Continued)

Recently Issued and Adopted Accounting Pronouncements

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

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

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

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

WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Impact of Recently Issued Accounting Principles (Continued)

Recently Issued and Adopted Accounting Pronouncements (Continued)

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

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

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

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

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Principles (Continued)

Recently Issued and Adopted Accounting Pronouncements (Continued)

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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 five percent 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.

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase
- c. Bonds or other obligations of the school district.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating Account	<u>\$ (54,022)</u>	<u>\$ 41,042</u>	<u>\$ 2,353</u>	<u>\$ 4,164</u>	<u>\$ (6,463)</u>

The investments recorded in the District-wide statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the District-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2016 was (\$6,463) and the bank balance was \$68,866. 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.

Risk Category

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by three categories described below:

Category 1 — Insured or collateralized with securities held by the Board or by its agent in the Board's name.

Category 2 — Collateralized with securities held by the pledging public depository's trust department or agent in the Board's name.

Category 3 — Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Board's name.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Risk Category (Continued)

As of June 30, 2016, the Board has no funds invested and on deposit in checking accounts and New Jersey ARM. These funds constitute “deposits with financial institutions” as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2016, the District had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2016, consisted of accounts (tuition), intergovernmental, grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 4,623	\$ 4,645
Federal Aid	2,867	3,585
Other	-	-
Gross Receivables	<u>7,490</u>	<u>8,230</u>
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$ 7,490</u></u>	<u><u>\$ 8,230</u></u>

**WINFIELD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016**

NOTE 4: INTERFUND TRANSFERS AND BALANCES

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 39,807	\$ -
Special Revenue Fund		41,042
Fiduciary Fund	4,258	3,023
Total	<u>\$ 44,065</u>	<u>\$ 44,065</u>

NOTE 5: OPERATING LEASES

The District had a commitment to lease copying equipment under operating leases which will expire on May 2018. Total operating lease payments made during the year ended June 30, 2016 were \$7,668. Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$ 7,668
2018	<u>7,029</u>
Total minimum lease payments	14,697
Less: Amount representing interest	<u>837</u>
Present value of net minimum lease payments	<u>\$ 13,860</u>

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6: CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land and Land Improvements	\$ 31,600	\$ -	\$ -	\$ 31,600
Total Capital Assets Not Being Depreciated	<u>31,600</u>	<u>-</u>	<u>-</u>	<u>31,600</u>
<i>Capital Assets Being Depreciated:</i>				
Site Improvements	342,000	-	-	342,000
Building and Building Improvements	274,104	-	-	274,104
Machinery and Equipment	56,168	-	-	56,168
Totals at Historical Cost	<u>672,272</u>	<u>-</u>	<u>-</u>	<u>672,272</u>
Less Accumulated Depreciation For:				
Site Improvements	342,000	-	-	342,000
Building and Building Improvements	274,104	-	-	274,104
Machinery and Equipment	56,168	-	-	56,168
Total Accumulated Depreciation	<u>672,272</u>	<u>-</u>	<u>-</u>	<u>672,272</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	-	-	-	-
Government Activity Capital Assets, Net	<u>\$ 31,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,600</u>
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 33,630	\$ -	\$ -	\$ 33,630
Less Accumulated Depreciation	(33,630)	-	-	(33,630)
Enterprise Fund Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the District-wide statement of net position. One item of that reconciliation explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. An addition to the fund balance-total governmental funds is made to reflect the carrying value of the School District's capital assets at year-end in the District-wide financial statements.

At the end of the fiscal year 2016, the School District did not have a capital assets inventory completed and therefore the capital assets schedule is not updated.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: LONG-TERM OBLIGATIONS

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

	Balance July 1, 2015	Increase	Decrease	Balance June 30, 2016	Amounts Due Within One Year
Obligations Under					
Capital Lease	\$ 22,365	\$ -	\$ 7,668	\$ 14,697	\$ 7,668
Compensated Absences					
Payable	<u>22,500</u>	<u>-</u>	<u>7,500</u>	<u>15,000</u>	<u>-</u>
Total	<u>\$ 44,865</u>	<u>\$ -</u>	<u>\$ 15,168</u>	<u>\$ 29,697</u>	<u>\$ 7,668</u>

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

NOTE 8: PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

**WINFIELD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Benefits Provided

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

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

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

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. School District contributions to PERS amounted to \$31,747 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased on over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the School District reported a liability of \$828,929 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2014 which was rolled forward to June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the School District's proportion was 0.0036926632%, which was an increase of 0.0004959794% from its proportion measured as of June 30, 2014.

WINFIELD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 8: **PENSION PLANS (CONTINUED)**

Public Employees' Retirement System (PERS) (Continued)

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

For the fiscal year ended June 30, 2015, the School District recognized pension expense of \$31,747. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 89,020	\$ -
Difference Between Expected and Actual Experience	19,775	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>-</u>	<u>13,328</u>
	<u>\$ 108,795</u>	<u>\$ 13,328</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 17,380
2017	17,380
2018	17,380
2019	27,680
2020	15,647
	<u>\$ 95,467</u>

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 01, 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 valuations as of July 01, 2014. This actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

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

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

The actuarial assumptions used in the July 01, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

**WINFIELD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Discount Rate

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

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

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

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
School District's proportionate share of the Net Pension Liability	\$ 1,030,257	\$ 828,929	\$ 660,133

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

B. Teacher's Pension Annuity Fund (TPAF)

Pension Description

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

Benefits Provided

The vesting and benefit provision 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 of 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

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

WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8: **PENSION PLANS (CONTINUED)**

Teacher's Pension Annuity Fund (TPAF) (Continued)

Benefits Provided (Continued)

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

Contributions

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

The Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the School District. This note discloses the portion of the School District's total proportionate share of the net pension liability that is associated with the School District. During the fiscal year ended 2015, the State of New Jersey contributed \$11,097 to the TPAF for normal pension benefits on behalf of the School District, which is less than the contractually required contribution of \$68,183.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Contributions (Continued)

The employee contribution rate was 7.06% effective July 01, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the School District was \$8,018,660. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2014 which was rolled forward to June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, School District's proportion was 0.0126868954%, which was a decrease of 0.0006915220% from its proportion measured as of June 30, 2014.

District's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>8,018,660</u>
Total	<u>\$ 8,018,660</u>

For the fiscal year ended June 30, 2015, the State recognized pension expense on behalf of the School District in the amount of \$68,183 and the School District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

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

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 7,200,153,386	\$ -
Difference Between Expected and Actual Experience	321,224,871	19,039,817
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>-</u>	<u>535,359,188</u>
	<u>\$ 7,521,378,257</u>	<u>\$ 554,399,005</u>

The \$7,200,153,386 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$321,224,871 reported as deferred outflows of resources related to pensions resulting from the difference between expected and actual experience will be amortized over a period of 8.5 years. The \$19,039,817 reported as deferred inflows of resources related to pensions resulting from the difference between expected and actual experience will be amortized over a period of 8.5 years. The \$535,359,188 reported as a deferred inflow of resources resulting from the difference between projected and actual earnings on pension plan investments will be amortized over a period of 5 years.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense excluding that attributable to employer-paid member contributions as follows:

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

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 01, 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 01, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 200 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 01, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

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

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Teacher's Pension Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market 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 – TPAF

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

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Teacher’s Pension Annuity Fund (TPAF) (Continued)

Discount Rate – TPAF (Continued)

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 the total pension liability.

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

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

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the Net Pension Liability	\$ 8,211,337	\$ 6,827,208	\$ 5,675,974

Pension Plan Fiduciary Net Position – TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) (Continued)

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

The contribution policy is set by the New Jersey Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey regulation. Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

For DCRP, the School District recognized pension expense of \$2,243 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$4,112 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.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9: POST-RETIREMENT BENEFITS (CONTINUED)

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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

NOTE 10: FUND BALANCE APPROPRIATED

General Fund – Of the (\$9,592) General Fund fund balance at June 30, 2016, \$976 has been reserved in the Capital Reserve Account; and (\$10,568) is unreserved and undesignated.

NOTE 11: RESERVED FUND BALANCES – GENERAL FUND

Calculation Of Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. At June 30, 2016, there is no excess fund balance.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$9,592 in the General Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). *N.J.S.A. 18A:22-44.2* provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund fund balance deficit does not alone indicate that the school district is facing financial difficulties.

Pursuant to *N.J.S.A. 18A:22-44.2* any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$9,592 is less than the last state aid payment.

NOTE 13: 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.

NOTE 14: SUBSEQUENT EVENTS

The District's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of the audit.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,557,450	\$ -	\$ 1,557,450	\$ 1,557,450	\$ -
Tuition				4,690	4,690
Other Revenues from Local Sources	22,340		22,340	3,828	(18,512)
Total Local Sources	1,579,790	-	1,579,790	1,565,968	(13,822)
State Sources:					
School Choice Aid	135,330		135,330	135,330	-
Transportation Aid	60,475		60,475	60,475	-
Special Education Categorical Aid	97,159		97,159	97,159	-
Extraordinary Aid				3,927	3,927
Equalization Aid	1,310,098		1,310,098	1,310,098	-
Security Aid	20,166		20,166	20,166	-
Adjustment Aid	34,066		34,066	34,066	-
Other Unrestricted State Aid				696	696
PARCC Readiness Aid	1,640		1,640	1,640	-
Per Pupil Growth Aid	1,640		1,640	1,640	-
On-Behalf TPAF Pension Contributions				215,896	215,896
Reimbursed TPAF Social Security Contributions				82,496	82,496
Total State Sources	1,660,574	-	1,660,574	1,963,589	303,015
Total Revenues	3,240,364	-	3,240,364	3,529,557	289,193
EXPENDITURES:					
Current Expenses:					
Instruction:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	50,262	(8,703)	41,559	41,559	-
Kindergarten	81,374	23,189	104,563	104,563	-
Grades 1-5	423,356	(104,407)	318,949	318,949	-
Grades 6-8	222,484	32,602	255,086	255,086	-
Home Instruction	1,000	(1,000)	-	-	-
Total Regular Programs - Instruction	778,476	(58,319)	720,157	720,157	-
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	31,932	(2,912)	29,020	29,020	-
General Supplies	31,097	28,384	59,481	59,481	-
Textbooks	12,000	(5,477)	6,523	-	-
Miscellaneous Expenditures	13,000	50,596	63,596	48,520	15,076
Total Regular Programs - Undistributed Instruction	88,029	70,591	158,620	143,544	15,076
Total Regular Programs	866,505	12,272	878,777	863,701	15,076
Special Education:					
Resource Room/Resouce Center:					
Salaries of Teachers	242,183	67,230	309,413	309,413	-
Other Salaries for Instruction	22,241	939	23,180	23,049	131
General Supplies	1,200	(100)	1,100	1,100	-
Textbooks	150	(150)	-	-	-
Other Objects	250	(56)	194	195	(1)
Total Resource Room/Resouce Center	266,024	67,863	333,887	333,757	130
Basic Skills/Remedial:					
Salaries of Teachers	28,090	(24,404)	3,686	3,214	472
General Supplies	300	(300)	-	-	-
Other Objects	200	(200)	-	-	-
Total Basic Skills/Remedial	28,590	(24,904)	3,686	3,214	472
Total Special Education	294,614	42,959	337,573	336,971	602

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Other Instructional Programs:					
School-Sponsored Co-Curricular and Extra-Curricular Activities:					
Salaries	\$ 4,365	\$ (4,365)	\$ -	\$ -	\$ -
Supplies and Materials	900	(148)	752	752	-
Total School-Sponsored Co-Curricular and Extra-Curricular Activities	5,265	(4,513)	752	752	-
School-Sponsored Athletics:					
Salaries	18,204	2,978	21,182	21,182	-
Purchased Services	4,780	(875)	3,905	3,891	14
Total School-Sponsored Athletics	22,984	2,103	25,087	25,073	14
Total Other Instructional Programs	28,249	(2,410)	25,839	25,825	14
Total Instruction	1,189,368	52,821	1,242,189	1,226,497	15,692
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	365,024		365,024	365,024	-
Tuition to Other LEAs Within the State - Special Education	213,702	(20,887)	192,815	183,121	9,694
Tuition to County Vocational School Districts - Regular	102,000	(12,000)	90,000	90,000	-
Total Instruction	680,726	(32,887)	647,839	638,145	9,694
Attendance and Social Work Services:					
Salaries	23,130	5,677	28,807	28,807	-
Total Attendance and Social Work Services	23,130	5,677	28,807	28,807	-
Health Services:					
Salaries	57,678	530	58,208	58,208	-
Supplies and Materials	600	(600)	-	-	-
Other Objects	400	(400)	-	-	-
Total Health Services	58,678	(470)	58,208	58,208	-
Other Support Services Students - Related Services:					
Purchased Prof/Ed Services	50,000	(24,052)	25,948	22,681	3,267
Supplies and Materials	200	(40)	160	157	3
Total Other Support Services Students - Related Services	50,200	(24,092)	26,108	22,838	3,270
Other Support Services Students - Regular Services:					
Salaries of Secretarial and Clerical Assistants	15,797	13,200	28,997	28,807	190
Supplies and Materials	200	(200)	-	-	-
Other Objects	200	(200)	-	-	-
Total Other Support Services Students - Regular Services	16,197	12,800	28,997	28,807	190
Other Support Services Students - Special Services:					
Salaries of Other Professional Staff	76,477	7,804	84,281	84,281	-
Salaries of Secretarial and Clerical Assistants	24,933	5,000	29,933	29,831	102
Purchased Prof/Ed Services	55,000	(22,658)	32,342	27,195	5,147
Supplies and Materials	500		500	485	15
Total Other Support Services Students - Special Services	156,910	(9,854)	147,056	141,792	5,264
Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	44,475	4,956	49,431	49,431	-
Other Purchased Services	12,000	(2,531)	9,469	9,236	233
Total Improvement of Instruction Services	56,475	2,425	58,900	58,667	233
Educational Media/Library:					
Salaries	24,198	(23,156)	1,042		1,042
Supplies and Materials	1,783		1,783	1,783	-
Total Educational Media/Library	25,981	(23,156)	2,825	1,783	1,042

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Instructional Staff Training Services:					
Other Purchased Services	\$ 300	\$ (300)	\$ -	\$ -	\$ -
Total Instructional Staff Training Services	300	(300)	-	-	-
Support Services General Administration:					
Salaries	39,188	2,338	41,526	41,526	-
Legal Fees	4,700		4,700	4,700	-
Audit Fees	10,300		10,300	10,300	-
Communications/Telephone	6,605		6,605	6,489	116
Other Purchased Services	5,175		5,175	5,175	-
General Supplies	700		700	363	337
Miscellaneous Expenditures	2,044		2,044	1,991	53
BOE Membership Dues and Fees	2,445		2,445	2,445	-
Total Support Services General Administration	71,157	2,338	73,495	72,989	506
Support Services School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	41,337	2,000	43,337	43,337	-
Salaries of Secretarial and Clerical Assistants	3,853	(1,272)	2,581	2,580	1
Supplies and Materials	545		545	375	170
Other Objects	300		300	300	-
Total Support Services School Administration	46,035	728	46,763	46,592	171
Central Services:					
Salaries	85,000	(3,235)	81,765	81,765	-
Purchased Professional Services	2,600	(36)	2,564	2,564	-
Supplies and Materials	100		100	100	-
Miscellaneous Expenditures	300		300	300	-
Total Central Services	88,000	(3,271)	84,729	84,729	-
Required Maintenance for School Facilities:					
Salaries	26,624	22,000	48,624	48,116	508
Cleaning, Repair and Maintenance Services	40,200	14,807	55,007	44,620	10,387
General Supplies	7,000	387	7,387	7,378	9
Total Required Maintenance for School Facilities	73,824	37,194	111,018	100,114	10,904
Other Operation and Maintenance of Plant Services:					
Salaries	76,028	(16,000)	60,028	57,388	2,640
Insurance	13,000	4,600	17,600	17,600	-
Miscellaneous Purchased Services	7,623	7,000	14,623	14,526	97
Energy (Heat and Electricity)	50,000	(3,000)	47,000	41,757	5,243
Other Objects	2,700	(900)	1,800	1,749	51
Total Other Operation and Maintenance of Plant Services	149,351	(8,300)	141,051	133,020	8,031
Student Transportation Services:					
Salaries for Pupil Transportation (B/T Home & School) - Regular	17,372		17,372	17,371	1
Contracted Services - Aid In Lieu of Payment for Non-public School Students	3,000	536	3,536	3,536	-
Contracted Services - Transportation (B/T Home & School) - Vendors	65,000		65,000	63,569	1,431
Contracted Services - Transport (Other Than B/T Home & School) - Vendors	4,000	1,615	5,615	5,615	-
Contracted Services (Special Ed Students) - Vendors	60,500	10,078	70,578	68,229	2,349
Total Student Transportation Services	149,872	12,229	162,101	158,320	3,781
Allocated Employee Benefits - Regular Programs:					
Health Benefits	204,641	(35,600)	169,041	169,041	-
Other	30,000		30,000	30,000	-
Total Allocated Employee Benefits - Regular Programs	234,641	(35,600)	199,041	199,041	-
Allocated Employee Benefits - Special Education Programs:					
Health Benefits	60,000	(2,237)	57,763	57,642	121
Total Allocated Employee Benefits - Special Education Programs	60,000	(2,237)	57,763	57,642	121

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Allocated Employee Benefits - Improvement of Instruction Services: Other	\$ 15,000	\$ -	\$ 15,000	\$ 15,000	\$ -
Total Allocated Employee Benefits - Improvement of Instruction Services	15,000	-	15,000	15,000	-
Allocated Employee Benefits - General Administration: Health Benefits	1,400		1,400	1,400	-
Total Allocated Employee Benefits - General Administration	1,400	-	1,400	1,400	-
Allocated Employee Benefits - School Administration: Health Benefits	1,400		1,400	1,400	-
Total Allocated Employee Benefits - School Administration	1,400	-	1,400	1,400	-
Allocated Employee Benefits - Central Services: Health Benefits	10,559		10,559	10,559	-
Total Allocated Employee Benefits - Central Services	10,559	-	10,559	10,559	-
Allocated Employee Benefits - Operation and Maintenance of Plant Services:					
Social Security Contribution	35,000	11,559	46,559	46,559	-
Other Retirement Contributions - Regular	28,000	3,747	31,747	31,747	-
Unemployment Compensation	5,000	3,029	8,029	7,856	173
Workmen's Compensation	17,560		17,560	17,499	61
Health Benefits	13,000		13,000	13,000	-
Tuition Reimbursement	12,600	(8,947)	3,653		3,653
Total Allocated Employee Benefits - Operation and Maintenance of Plant Services	111,160	9,388	120,548	116,661	3,887
Total Allocated Employee Benefits	434,160	(28,449)	405,711	401,703	4,008
Unallocated Benefits - Employee Benefits: Other		2,000	2,000	1,000	1,000
Total Unallocated Benefits - Employee Benefits	-	2,000	2,000	1,000	1,000
On-Behalf TPAF Pension Contributions (Non-Budgeted)				215,896	(215,896)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				82,496	(82,496)
Total Contributions	-	-	-	298,392	(298,392)
Total Undistributed Expenditures	2,080,996	(55,388)	2,025,608	2,275,906	(250,298)
Total Expenditures - Current Expenses	3,270,364	(2,567)	3,267,797	3,502,403	(234,606)
Capital Outlay:					
Instructional Expenditures (Equipment):					
Regular Programs - Grades 1-5	4,400		4,400	4,400	-
Regular Programs - Grades 6-8	5,600		5,600	5,600	-
Total Capital Outlay	10,000	-	10,000	10,000	-
Total Expenditures	3,280,364	(2,567)	3,277,797	3,512,403	(234,606)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,000)	2,567	(37,433)	17,154	54,587
OTHER FINANCING SOURCES (USES):					
Food Services:					
Transfers to Cover Deficit		(2,767)	(2,767)	(13,700)	(10,933)
Total Other Financing Sources (Uses)	-	(2,767)	(2,767)	(13,700)	(10,933)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(40,000)	(200)	(40,200)	3,454	43,654
FUND BALANCES, JULY 1	153,006	-	153,006	153,006	-
FUND BALANCES, JUNE 30	\$ 113,006	\$ (200)	\$ 112,806	\$ 156,460	\$ 43,654

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
RECAPITULATION:					
Reserved For:					
Capital Reserve Account				\$ 976	
Unassigned:					
Unassigned Fund Balance				<u>155,484</u>	
				156,460	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(166,052)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ (9,592)</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 64,846	\$ 2,105	\$ 66,951	\$ 64,846	\$ (2,105)
Total Revenues	64,846	2,105	66,951	64,846	(2,105)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	11,495		11,495	11,495	-
Other Purchased Services	27,000		27,000	27,000	-
Total Instruction	38,495	-	38,495	38,495	-
Support Services:					
Personal Services - Employee Benefits	2,988	2,105	5,093	2,988	2,105
Purchased Prof/Ed Services	21,482		21,482	21,482	-
Purchased Professional Services	1,119		1,119	1,119	-
Other Purchased Services	762		762	762	-
Total Support Services	26,351	2,105	28,456	26,351	2,105
Total Expenditures	64,846	2,105	66,951	64,846	2,105
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

WINFIELD TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
 FISCAL YEAR ENDED JUNE 30, 2016

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 3,529,557	[C-2] \$ 64,846
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		(2,867)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	163,970	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(166,052)	
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ 3,527,475	[B-2] \$ 61,979
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,526,103	[C-2] \$ 64,846
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.		(2,867)
Transfers to and from other fund are presented as outflows of budgetary resources but are not expenditures for financial accounting purposes.		
Net Transfers (Outflows) to/from general fund.	(13,700)	
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 3,512,403	[B-2] \$ 61,979

REQUIRED SUPPLEMENTARY INFORMATION – PART III

***SECTION L – DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY FOR TPAF AND PERS AND DISTRICT’S PERS CONTRIBUTION***

WINFIELD TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST THREE FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,		
	2016	2015	2014
School District's proportion of the net pension liability	0.0036926632%	0.0031966838%	0.0031317372%
School District's proportionate share of the net pension liability	\$ 828,929	\$ 598,507	\$ 598,537
School District's covered employees payroll	\$ 190,951	\$ 183,071	\$ 214,947
School District's proportionate share of the net pension liability as a percentage of it's covered employee payroll	434.11%	326.93%	278.46%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

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

WINFIELD TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST THREE FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,		
	2016	2015	2014
Contractually required contribution	\$ 31,747	\$ 26,353	\$ 23,597
Contributions in relation to the contractually required contribution	<u>(31,747)</u>	<u>(26,353)</u>	<u>(23,597)</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered employee payroll	\$ 190,951	\$ 183,071	\$ 214,947
Contributions as a percentage of covered employee payroll	16.63%	14.39%	10.98%

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

WINFIELD TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS PENSION AND ANNUITY FUND
 LAST THREE FISCAL YEARS
 UNAUDITED

	Fiscal Year Ending June 30,		
	2016	2015	2014
State's proportion of the net pension liability attributable of the School District	0.0126868954%	0.0133784174%	0.0134826950%
State's proportionate share of the net pension liability attributable to the School District	\$ 8,018,660	\$ 7,150,329	\$ 7,049,346
School District's covered employees payroll	\$ 1,022,311	\$ 1,058,140	\$ 1,227,651
School District's proportionate share of the net pension liability as a percentage of it's covered employee payroll	784.37%	675.75%	574.21%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III

WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR FISCAL YEAR ENDED JUNE 30, 2015

A. Benefit Changes

There were none.

B. Changes in Assumptions

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

WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHERS PENSION AND ANNUITY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2015

A. Benefit Changes

There were none.

B. Changes in Assumptions

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

OTHER SUPPLEMENTARY INFORMATION

**SECTION E – SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

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

	NCLB Title I	I.D.E.A. Part B	I.D.E.A. Preschool	NCLB Title II	Grand Total
REVENUE SOURCES:					
Federal	\$ 15,245	\$ 41,758	\$ 1,119	\$ 6,724	\$ 64,846
Total Revenues	15,245	41,758	1,119	6,724	64,846
EXPENDITURES:					
Instruction:					
Salaries of Teachers	11,495				11,495
Other Purchased Services		27,000			27,000
Total Instruction	11,495	27,000	-	-	38,495
Support Services:					
Personal Services - Employee Benefits	2,988				2,988
Purchased Prof/Ed Services		14,758		6,724	21,482
Other Purchased Prof/Tech Services			1,119		1,119
Other Purchased Services	762				762
Total Support Services	3,750	14,758	1,119	6,724	26,351
Total Expenditures	15,245	41,758	1,119	6,724	64,846
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUND
DETAIL STATEMENTS**

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

Food Services Fund – The 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.**

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENTS**

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

Unemployment Insurance Compensation Trust Fund – this expendable trust fund is used to account for deductions from employees' salaries which are utilized to pay unemployment compensation claims as they arise.

Scholarship Funds – these are nonexpendable trust funds and limit expenses to the amounts earned on the trust principal.

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 payroll transactions of the school district.

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

	Nonexpendable Trusts	Agency			Total Agency Fund
	Bernstein/ Sweeney Scholarships	Student Activity	Payroll Agency	Net Payroll	
ASSETS:					
Cash and Cash Equivalents	\$ 3,180	\$ 2,219	\$ 2,673	\$ -	\$ 4,892
Interfund Accounts Receivable		350		3,908	4,258
Total Assets	<u>3,180</u>	<u>\$ 2,569</u>	<u>\$ 2,673</u>	<u>\$ 3,908</u>	<u>\$ 9,150</u>
LIABILITIES:					
Cash Overdraft		\$ -	\$ -	\$ 3,908	\$ 3,908
Interfund Accounts Payable	350		2,673		2,673
Payable to Student Groups		2,569			2,569
Total Liabilities	<u>350</u>	<u>\$ 2,569</u>	<u>\$ 2,673</u>	<u>\$ 3,908</u>	<u>\$ 9,150</u>
NET POSITION:					
Restricted For:					
Principal Portion - Nonexpendable	<u>2,830</u>				
Total Net Position	<u>\$ 2,830</u>				

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

Nonexpendable Trust Funds	<u>Bernstein/ Sweeney Scholarships</u>
ADDITIONS:	
Interest Income	<u>\$ 3</u>
Total Additions	<u> 3</u>
DEDUCTIONS:	
Scholarship Payments	<u> 350</u>
Total Deductions	<u> 350</u>
Change in Net Position	(347)
Net Position, July 1	<u> 3,177</u>
Net Position, June 30	<u><u> \$ 2,830</u></u>

WINFIELD TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STUDENT ACTIVITY
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
ELEMENTARY SCHOOLS:				
Winfield Township	\$ 5,928	\$ 25,545	\$ 28,904	\$ 2,569
Total	<u>\$ 5,928</u>	<u>\$ 25,545</u>	<u>\$ 28,904</u>	<u>\$ 2,569</u>

WINFIELD TOWNSHIP SCHOOL DISTRICT
 FIDUCIARY FUNDS
 PAYROLL AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 398	\$ 790,183	\$ 787,908	\$ 2,673
Receivables:				
Interfund	<u>2,569</u>		<u>2,569</u>	<u>-</u>
Total Assets	<u>\$ 2,967</u>	<u>\$ 790,183</u>	<u>\$ 790,477</u>	<u>\$ 2,673</u>
LIABILITIES:				
Interfund Accounts Payable	\$ -	\$ 2,673	\$ -	\$ 2,673
Payroll Deductions and Withholding	<u>2,967</u>	<u>787,510</u>	<u>790,477</u>	<u>-</u>
Total Liabilities	<u>\$ 2,967</u>	<u>\$ 790,183</u>	<u>\$ 790,477</u>	<u>\$ 2,673</u>

SECTION I – LONG-TERM DEBT SCHEDULES

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

WINFIELD TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2016

Series	Amount of Issue	Balance July 1, 2015	Current Year Addition	Current Year Retired	Balance June 30, 2016
Savin MP6002SP Copier	\$ 38,340	\$ 22,365	\$ -	\$ 7,668	\$ 14,697
Total		<u>\$ 22,365</u>	<u>\$ -</u>	<u>\$ 7,668</u>	<u>\$ 14,697</u>

STATISTICAL SECTION (UNAUDITED)

GASB requires that ten years of statistical data be presented. The following information is presented utilizing information available. Each year thereafter, an additional year's data will be included until ten years of data is presented.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

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.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

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 that year.*

FINANCIAL TRENDS

WINFIELD TOWNSHIP SCHOOL DISTRICT
NET ASSETS/POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net Investment in Capital Assets/										
Invested in capital assets, net of related debt	\$ 31,600	\$ 31,600	\$ 31,600	\$ 31,600	\$ 1,289	\$ 15,664	\$ 14,889	\$ 14,114	\$ 13,339	\$ 34,104
Restricted	976	1,176	65,243	61,728	42,153	149,973	131,505	31,004	75,843	55,971
Unrestricted	(680,945)	(661,887)	(61,887)	62,658	76,712	59,204	118,003	92,938	167,386	123,669
Total Governmental Activities Net Assets/Position	\$ (648,369)	\$ (629,111)	\$ 34,956	\$ 155,986	\$ 120,154	\$ 224,841	\$ 264,397	\$ 138,056	\$ 256,568	\$ 213,744
Business-Type Activities										
Net Investment in Capital Assets/										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ 2,427	\$ 4,854	\$ 9,708	\$ 9,708	\$ 9,708	\$ -	\$ -
Restricted	64,268	64,268	64,268	64,268	64,268	64,268	64,268	64,268	64,268	64,268
Unrestricted	(62,916)	(62,202)	(62,065)	(61,076)	(65,123)	(62,781)	(62,424)	(63,279)	(66,984)	(63,086)
Total Business-Type Activities Net Assets/Position	\$ 1,352	\$ 2,066	\$ 2,203	\$ 5,619	\$ 3,999	\$ 11,195	\$ 11,552	\$ 10,697	\$ (2,716)	\$ 1,182
District-wide										
Net Investment in Capital Assets/										
Invested in capital assets, net of related debt	\$ 31,600	\$ 31,600	\$ 31,600	\$ 34,027	\$ 6,143	\$ 25,372	\$ 24,597	\$ 23,822	\$ 13,339	\$ 34,104
Restricted	65,244	65,444	129,511	125,996	106,421	214,241	195,773	95,272	140,111	120,239
Unrestricted	(743,861)	(724,089)	(123,952)	1,582	11,589	(3,577)	55,579	29,659	100,402	60,583
Total District-wide Net Assets/Position	\$ (647,017)	\$ (627,045)	\$ 37,159	\$ 161,605	\$ 124,153	\$ 236,036	\$ 275,949	\$ 148,753	\$ 253,852	\$ 214,926

WINFIELD TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS/POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities:										
Instruction:										
Regular	\$ 1,234,948	\$ 1,195,967	\$ 1,315,111	\$ 1,348,073	\$ 1,310,648	\$ 1,253,234	\$ 1,254,752	\$ 1,174,324	\$ 1,055,197	\$ 988,435
Special Education	450,736	438,390	412,207	394,391	358,537	356,942	333,720	252,431	232,896	204,298
Other Special Education	3,788	28	-	23,246	17,735	13,506	25,342	24,794	21,773	19,941
Other Instruction	29,605	21,662	31,300	30,300	34,293	28,371	27,167	27,603	24,232	28,807
Support Services:										
Tuition	638,145	720,337	546,742	371,117	561,915	422,735	413,399	749,105	614,638	648,102
Student and Instruction Related Services	429,246	423,308	409,273	436,381	418,306	405,231	415,680	390,279	403,295	353,645
General and Business Administration Services	212,312	165,989	235,939	203,880	189,493	290,310	262,052	239,283	521,273	495,693
School Administrative Services	56,187	49,712	51,474	53,952	48,531	49,097	47,178	44,890	49,225	48,885
Plant Operations and Maintenance	368,625	380,928	374,346	372,074	307,282	206,346	226,180	202,056	206,033	187,530
Pupil Transportation	161,420	183,163	197,728	136,204	179,440	164,776	183,219	192,218	233,679	186,003
Capital Outlay	10,000	10,000	28,000	44,127	19,432	30,555	28,823	61,488	11,300	11,024
Total Governmental Activities Expenses	<u>3,595,012</u>	<u>3,589,484</u>	<u>3,602,120</u>	<u>3,413,745</u>	<u>3,445,612</u>	<u>3,221,103</u>	<u>3,217,512</u>	<u>3,358,471</u>	<u>3,373,541</u>	<u>3,172,363</u>
Business-Type Activities:										
Food Service	61,280	59,901	59,824	57,222	55,119	49,738	44,923	52,257	46,462	46,240
Total Business-Type Activities Expenses	61,280	59,901	59,824	57,222	55,119	49,738	44,923	52,257	46,462	46,240
Total District Expenses	<u>\$ 3,656,292</u>	<u>\$ 3,649,385</u>	<u>\$ 3,661,944</u>	<u>\$ 3,470,967</u>	<u>\$ 3,500,731</u>	<u>\$ 3,270,841</u>	<u>\$ 3,262,435</u>	<u>\$ 3,410,728</u>	<u>\$ 3,420,003</u>	<u>\$ 3,218,603</u>
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 4,690	\$ 7,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	157,634	157,634	157,465	156,751	150,236	150,727	171,854	148,209	174,851	167,651
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	<u>162,324</u>	<u>165,374</u>	<u>157,465</u>	<u>156,751</u>	<u>150,236</u>	<u>150,727</u>	<u>171,854</u>	<u>148,209</u>	<u>174,851</u>	<u>167,651</u>
Business-Type Activities:										
Charges for Services	30,315	30,988	32,367	24,032	29,049	25,420	21,488	27,787	23,131	25,255
Operating Grants and Contributions	16,551	18,176	14,896	18,610	14,874	14,861	11,990	13,195	12,433	12,167
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	<u>46,866</u>	<u>49,164</u>	<u>47,263</u>	<u>42,642</u>	<u>43,923</u>	<u>40,281</u>	<u>33,478</u>	<u>40,982</u>	<u>35,564</u>	<u>37,422</u>
Total District Program Revenues	<u>\$ 209,190</u>	<u>\$ 214,538</u>	<u>\$ 204,728</u>	<u>\$ 199,393</u>	<u>\$ 194,159</u>	<u>\$ 191,008</u>	<u>\$ 205,332</u>	<u>\$ 189,191</u>	<u>\$ 210,415</u>	<u>\$ 205,073</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (3,432,688)	\$ (3,424,110)	\$ (3,444,655)	\$ (3,256,994)	\$ (3,295,376)	\$ (3,070,376)	\$ (3,045,658)	\$ (3,210,262)	\$ (3,198,690)	\$ (3,004,712)
Business-Type Activities	(14,414)	(10,737)	(12,561)	(14,580)	(11,196)	(9,457)	(11,445)	(11,275)	(10,898)	(8,818)
Total District-wide Net Expense	<u>\$ (3,447,102)</u>	<u>\$ (3,434,847)</u>	<u>\$ (3,457,216)</u>	<u>\$ (3,271,574)</u>	<u>\$ (3,306,572)</u>	<u>\$ (3,079,833)</u>	<u>\$ (3,057,103)</u>	<u>\$ (3,221,537)</u>	<u>\$ (3,209,588)</u>	<u>\$ (3,013,530)</u>

WINFIELD TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS/POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Assets/Position										
Governmental Activities:										
Property Taxes Levied For:										
General Purposes	\$ 1,557,450	\$ 1,526,912	\$ 1,496,973	\$ 1,467,621	\$ 1,438,845	\$ 1,410,633	\$ 1,410,633	\$ 1,460,632	\$ 1,430,010	\$ 1,430,010
Federal and State Aid Not Restricted	1,865,852	1,800,529	1,806,956	1,812,465	1,744,122	1,608,797	1,759,378	1,636,926	1,791,718	1,716,916
Investment Earnings	-	-	580	765	781	1,439	1,947	4,407	18,808	24,530
Tuition Revenue	-	-	8,130	3,560	-	11,777	4,986	8,397	5,555	9,676
Miscellaneous Income	3,828	15,386	20,131	24,615	10,941	7,274	7,355	1,948	2,423	10,040
Transfer	(13,700)	(10,600)	(9,145)	(16,200)	(4,000)	(9,100)	(12,300)	(24,688)	(7,000)	(9,580)
Total Governmental Activities	3,413,430	3,332,227	3,323,625	3,292,826	3,190,689	3,030,820	3,171,999	3,087,622	3,241,514	3,181,592
Business-Type Activities:										
Transfer	13,700	10,600	9,145	16,200	4,000	9,100	12,300	24,688	7,000	9,580
Total Business-Type Activities	13,700	10,600	9,145	16,200	4,000	9,100	12,300	24,688	7,000	9,580
Total District-wide	\$ 3,427,130	\$ 3,342,827	\$ 3,332,770	\$ 3,309,026	\$ 3,194,689	\$ 3,039,920	\$ 3,184,299	\$ 3,112,310	\$ 3,248,514	\$ 3,191,172
Change in Net Assets/Position										
Governmental Activities	\$ (19,258)	\$ (91,883)	\$ (121,030)	\$ 35,832	\$ (104,687)	\$ (39,556)	\$ 126,341	\$ (122,640)	\$ 42,824	\$ 176,880
Business-Type Activities	(714)	(137)	(3,416)	1,620	(7,196)	(357)	855	13,413	(3,898)	762
Total District	\$ (19,972)	\$ (92,020)	\$ (124,446)	\$ 37,452	\$ (111,883)	\$ (39,913)	\$ 127,196	\$ (109,227)	\$ 38,926	\$ 177,642

WINFIELD TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual/basis of accounting)

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Assigned/Reserved	\$ 976	\$ 1,176	\$ 65,243	\$ 61,728	\$ 42,153	\$ 149,973	\$ 131,505	\$ 31,004	\$ 75,843	\$ 55,971
Unassigned/Unreserved	(10,568)	(12,140)	35,646	97,331	79,290	75,357	118,003	92,938	167,386	123,669
Total General Fund	\$ (9,592)	\$ (10,964)	\$ 100,889	\$ 159,059	\$ 121,443	\$ 225,330	\$ 249,508	\$ 123,942	\$ 243,229	\$ 179,640
All Other Governmental Funds										
Assigned/Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned/Unreserved, Reported In:										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Fiscal Year Ending June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Local Sources:										
Local Tax Levy	1,557,450	1,526,912	1,496,973	1,467,621	1,438,845	1,410,633	1,410,633	1,460,632	1,430,010	1,430,010
Tuition	4,690	7,740	8,130	3,560	781	11,777	4,986	8,397	5,555	9,676
Interest In Investments	-	-	580	765	10,941	1,439	1,947	4,407	18,808	24,530
Miscellaneous	3,828	15,386	20,131	24,615	1,948	7,274	7,355	1,948	2,423	10,040
State Sources	1,961,507	1,898,667	1,904,409	1,907,075	1,774,240	1,693,553	1,618,076	1,719,637	1,899,727	1,807,618
Federal Sources	61,979	59,496	60,012	62,141	120,118	65,971	313,156	65,498	66,842	76,949
Total Revenues	3,589,454	3,508,201	3,490,235	3,465,777	3,344,925	3,190,647	3,356,153	3,260,519	3,423,365	3,358,823
Expenditures:										
Instruction:										
Regular	1,101,237	1,073,339	1,192,031	1,204,538	1,196,612	1,157,194	1,162,688	1,086,288	1,104,917	1,061,874
Special Education	391,399	389,005	369,825	347,816	323,684	326,796	305,715	229,913	237,398	199,082
Other Special Education	3,214	24	-	19,986	15,689	12,158	22,843	22,313	18,060	16,440
Other Instruction	25,825	19,178	28,435	27,211	31,445	26,366	25,296	25,510	20,497	25,065
Support Services:										
Tuition	638,145	720,337	546,742	371,117	561,915	422,735	413,399	749,105	614,638	648,102
Student and Instructional Related Services	379,386	385,625	373,688	393,450	384,664	376,417	392,633	367,904	353,943	318,667
General and Business Administration Services	169,677	168,169	157,679	180,739	172,452	174,123	174,070	162,128	161,942	164,466
School Administrative Services	47,992	43,529	45,500	46,722	43,198	44,058	42,758	41,670	43,053	42,515
Plant Operations and Maintenance	349,795	363,519	356,695	356,662	295,869	284,345	291,550	252,417	252,978	220,545
Pupil Transportation	158,320	179,744	194,547	132,494	176,531	162,352	180,920	189,947	229,684	181,984
Employee Benefits	299,392	256,985	246,118	287,099	223,321	188,626	177,592	166,435	291,866	280,217
Capital Outlay	10,000	10,000	28,000	44,127	19,432	30,555	28,823	61,488	23,800	11,024
Total Expenditures	3,574,382	3,609,454	3,539,260	3,411,961	3,444,812	3,205,725	3,218,287	3,355,118	3,352,776	3,169,981
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,072	(101,253)	(49,025)	53,816	(99,887)	(15,078)	137,866	(94,599)	70,589	188,842
Other Financing Sources (Uses):										
Transfer to Food Service	(13,700)	(10,600)	(9,145)	(16,200)	(4,000)	(9,100)	(12,300)	(24,688)	(7,000)	(9,580)
Total Other Financing Sources (Uses)	(13,700)	(10,600)	(9,145)	(16,200)	(4,000)	(9,100)	(12,300)	(24,688)	(7,000)	(9,580)
Net Change in Fund Balance	\$ 1,372	\$ (111,853)	\$ (58,170)	\$ 37,616	\$ (103,887)	\$ (24,178)	\$ 125,566	\$ (119,287)	\$ 63,589	\$ 179,262

Source: District records

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

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

Fiscal Year Ending June 30,	Donations	Prior Year Refunds	Miscellaneous Revenue	Annual Total
2016	\$ 700	\$ -	\$ 3,128	\$ 3,828
2015	9,814	-	5,572	15,386
2014	-	-	20,131	20,131
2013	-	-	24,615	24,615
2012	-	-	10,941	10,941
2011	-	-	7,274	7,274
2010	-	2,287	5,068	5,068
2009	-	350	1,598	1,598
2008	-	-	2,423	2,423
2007	-	5,000	5,040	5,040

Source: District records

REVENUE CAPACITY

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

Year Ended December 31,	Total Total Assessed Value	Less: Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2015	\$ 1,382,200	N/A	N/A	\$ 1,382,200	\$ 16,539,043	110.125
2014	1,382,200	N/A	N/A	1,382,200	16,563,900	110.125
2013	1,382,200	N/A	N/A	1,382,200	16,567,320	107.835
2012	1,382,200	N/A	N/A	1,382,200	16,567,320	107.835
2011	1,382,200	N/A	N/A	1,382,200	16,565,366	103.831
2010	1,382,200	N/A	N/A	1,382,200	16,566,111	101.798
2009	1,382,200	N/A	N/A	1,382,200	16,537,080	101.793
2008	1,382,200	N/A	N/A	1,382,200	16,568,773	105.400
2007	1,382,200	N/A	N/A	1,382,200	16,533,493	103.197
2006	1,382,200	N/A	N/A	1,382,200	16,537,013	103.197

Source: Municipal Tax Assessor

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

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

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

b Tax rates are per \$100

N/A At the time of CAFR completion, this data was not yet available

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

Year Ended December 31,	Winfield Township School District Direct Rate (From J-6)			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Winfield Township	Union County	
2015	110.125	N/A	110.125	101.699	6.119	217.943
2014	110.125	N/A	110.125	101.699	6.119	217.943
2013	107.835	N/A	107.835	99.450	5.793	213.078
2012	107.835	N/A	107.835	99.450	5.793	213.078
2011	103.831	N/A	103.831	92.579	4.930	201.340
2010	101.798	N/A	101.798	90.007	4.412	196.217
2009	101.793	N/A	101.793	85.093	4.042	190.928
2008	105.400	N/A	105.400	83.550	3.937	192.887
2007	103.197	N/A	103.197	67.249	4.683	175.129
2006	103.197	N/A	103.197	63.437	4.383	171.017

Source: 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.

N/A At the time of CAFR completion, this data was not yet available

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

Taxpayer	Taxed Assessed Value	
	2016	2007
Mutual Housing Corporation	\$ 1,382,200	\$ 1,382,200
Total	\$ 1,382,200	\$ 1,382,200

Source: Municipal Tax Assessor

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

Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2015	\$ 3,021,844	\$ 3,021,844	100.00%	N/A
2014	3,021,844	3,021,844	100.00%	N/A
2013	3,021,844	3,021,844	100.00%	N/A
2012	2,960,435	2,960,435	100.00%	N/A
2011	2,792,560	2,792,560	100.00%	N/A
2010	2,721,483	2,721,483	100.00%	N/A
2009	2,648,322	2,648,322	100.00%	N/A
2008	2,672,895	2,672,895	100.00%	N/A
2007	2,491,110	2,491,110	100.00%	N/A
2006	2,372,487	2,372,487	100.00%	N/A

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

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

N/A At the time of CAFR completion, this data was not yet available

DEBT CAPACITY

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

Fiscal Year Ended June 30,	Governmental Activities				Bond Anticipation Notes (BANS)		Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Capital Leases	Capital Leases	Capital Leases	Capital Leases				
2016	\$ -	\$ -	\$ 14,697	\$ -	\$ -	\$ -	\$ -	14,697	0.00%	\$ -	
2015	-	-	22,365	-	-	-	-	22,365	0.03%	14	
2014	-	-	30,033	-	-	-	-	30,033	0.04%	19	
2013	-	-	-	-	-	-	-	-	0.00%	-	
2012	-	-	2,064	-	-	-	-	2,064	0.00%	-	
2011	-	-	6,192	-	-	-	-	6,192	0.01%	4	
2010	-	-	10,320	-	-	-	-	10,320	0.01%	7	
2009	-	-	14,448	-	-	-	-	14,448	0.02%	9	
2008	-	-	18,576	-	-	-	-	18,576	0.03%	-	
2007	-	-	2,164	-	-	-	-	2,164	0.00%	-	

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

- a** See 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.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^a
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2016	\$ -	\$ -	\$ -	0.00%	\$ -
2015	-	-	-	0.00%	14
2014	-	-	-	0.00%	19
2013	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2011	-	-	-	0.00%	4
2010	-	-	-	0.00%	7
2009	-	-	-	0.00%	9
2008	-	-	-	0.00%	-
2007	-	-	-	0.00%	-

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

a See J-6 for property tax data.

b Population data can be found in J-14.

WINFIELD TOWNSHIP SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF JUNE 30, 2016

<u>Governmental Unit</u>	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes			
Winfield Township	N/A	0.000%	N/A
Union County General Obligation Debt	N/A	0.000%	N/A
Other Debt			
Municipal Water Authority - Winfield Township District's Share	N/A	0.000%	<u>N/A</u>
Subtotal, Overlapping Debt			-
Winfield District Direct Debt			<u>N/A</u>
Total Direct and Overlapping Debt			<u>\$ -</u>

Source: Assessed value data used to estimate applicable percentages provided by the Union County Board of Taxation.

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 Winfield. 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, for 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.

N/A At the time of CAFR completion, this data was not yet available

WINFIELD TOWNSHIP SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	
2016	N/A
2015	N/A
2014	N/A
	\$ -
Average Equalized Valuation of Taxable Property	\$ -
Debt Limit (4% of Average Equalization Value)	- a
Total Net Debt Applicable To Limit	-
Legal Debt Margin	\$ -

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,447	\$ 444,385	\$ 434,560
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,447	\$ 444,385	\$ 434,560
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

a Limit set by NJSIA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2015	1,510	\$ 46,615,210	\$ 30,871	5.50%
2014	1,506	86,302,836	57,306	7.60%
2013	1,499	82,278,611	54,889	7.80%
2012	1,488	81,317,712	54,649	15.60%
2011	1,480	79,188,880	53,506	15.60%
2010	1,474	75,745,912	51,388	15.60%
2009	1,443	72,493,434	50,238	15.40%
2008	1,436	75,922,756	52,871	9.20%
2007	1,439	73,954,527	51,393	7.20%
2006	1,453	73,821,118	50,806	7.20%

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

N/A At the time of CAFR completion, this data was not yet available

WINFIELD TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND TEN YEARS AGO

Employer	2016			2007		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Company	N/A		N/A	N/A		N/A
Individual	N/A		N/A	N/A		N/A
	-		0.00%	-		0.00%

N/A At the time of CAFR completion, this data was not yet available

OPERATING INFORMATION

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

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction:										
Regular	12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Special Education	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Special Education	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Instruction	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Support Services:										
Tuition	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Student and Instruction Related Services	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
General and Business Administration Services	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
School Administrative Services	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plant Operations and Maintenance	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pupil Transportation	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Special Schools	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Food Service	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	26	-	-	-	-	-	-	-	-	-

Source: District Personnel Records

N/A At the time of CAFR completion, this data was not yet available

WINFIELD TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

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	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2016	156.0	\$ 3,564,382	\$ 22,849	-2.30%	26	7:33	N/A	N/A	155.81	141.04	1.30%	90.52%
2015	154.0	3,599,454	23,373	0.51%	21	7:33	N/A	N/A	153.79	145.52	-1.38%	94.62%
2014	151.0	3,511,260	23,253	4.08%	21	7:4:1	N/A	N/A	155.91	147.08	0.00%	94.34%
2013	151.0	3,367,834	22,304	-2.39%	21	7:1	N/A	N/A	155.91	147.08	3.79%	94.34%
2012	150.0	3,425,380	22,836	1.39%	21	6:7	N/A	N/A	150.00	142.80	6.40%	95.20%
2011	141.0	3,175,170	22,519	0.26%	21	6:7	N/A	N/A	140.40	133.90	0.85%	95.37%
2010	142.0	3,189,464	22,461	-19.22%	21	5:8	N/A	N/A	139.20	133.20	11.78%	95.69%
2009	123.0	3,293,630	26,777	-3.60%	21	5:6	N/A	N/A	122.80	117.90	3.42%	96.01%
2008	120.0	3,328,976	27,741	8.17%	21	5:9	N/A	N/A	118.60	112.70	-2.87%	95.03%
2007	124.0	3,158,957	25,475	-5.25%	21	5:9	N/A	N/A	122.00	116.00	6.56%	95.08%

Sources: District records

Note: Enrollment based on annual October District count.

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

N/A At the time of CAFR completion, this data was not yet available

WINFIELD TOWNSHIP SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District Building										
<u>Elementary</u>										
Winfield School	37,538	37,538	37,538	37,538	37,538	37,538	37,538	37,538	37,538	37,538
Square Feet	244	244	244	244	244	244	244	244	244	244
Capacity (students)	156	154	151	151	150	141	142	123	120	124
Enrollment										
<u>Other</u>										
Name of Building (Year)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Square Feet										

Number of Schools at June 30, 2016
 Elementary = 1

Source: District Facilities Office

Note: Increases in square footage and capacity are the result of and additions.
 Enrollment is based on the annual October District count.

N/A At the time of CAFR completion, this data was not yet available

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

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

* School Facilities	Project # (s)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Elementary School	N/A	\$ 100,114	\$ 112,164	\$ 91,028	\$ 137,508	\$ 77,394	\$ 69,086	\$ 92,143	\$ 71,135	\$ 65,247	\$ 57,326
Grand Total		\$ 100,114	\$ 112,164	\$ 91,028	\$ 137,508	\$ 77,394	\$ 69,086	\$ 92,143	\$ 71,135	\$ 65,247	\$ 57,326

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

Source: District records

WINFIELD TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016

NEW JERSEY SCHOOL BOARDS ASSOCIATION INSURANCE GROUP

COVERAGE	AMOUNTS/ LIMITS
<u>MULTI PERIL PACKAGE POLICY</u>	
Blanket Building & Contents	\$6,621,890
Extra Expense	\$5,000,000
Deductible	\$1,000
Flood/Quake	\$50,000,000
Musical Instruments	incl. in Property limits
Computer Equipment	\$200,000
Demolition/Incr. Cost of Construction	\$10,000,000
ENERGY SYSTEMS	
Property Damage	\$6,621,890
Spoilage	INCLUDED
Commercial Liability	
Bodily Injury/Property Damage Each Occurrence	\$11,000,000
Fire Legal	\$11,000,000
Medical Expense	\$5,000
Employee Benefits Liability	\$1,000,000
CRIME	
Money & Securities	\$25,000
Employee Dishonesty	\$25,000
BUSINESS AUTO	
Bodily Injury/Prop. Damage Liabl.	\$11,000,000
Personal Injury Protection	Statutory
Medical Payments (PIP)	\$10,000
Uninsured/Underinsured	\$1,000,000
SCHOOL BOARD LEGAL	
Limit of Liability	\$11,000,000
Deductible	\$5,000
WORKERS COMPENSATION	
Section B	\$2,000,000
SUPPLEMENTAL W/C	
Benefit	\$2,500 PER WEEK
BONDS	
Donna Hughes	\$153,000
Thomas West	\$5,250
Gabrielle Conde (effective March 6, 2016)	\$5,250
<u>ENVIRONMENTAL IMPAIRMENT</u>	
Each Pollution Incident	\$1,000,000
Aggregate	\$11,000,000
Deductible	\$25,000

Source: Borough of Winfield Board of Education

SINGLE AUDIT SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

K-1
Page 1

**Independent Auditor’s Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Honorable President and
Members of the Board of Education
Winfield Township School District
County of Union
Winfield, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in compliance with 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 Winfield Township School District (School District), in the County of Union, 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 School District’s basic financial statements as listed in table of contents and have issued our report thereon dated November 18, 2016.

Internal Control over Financial Reporting

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

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

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

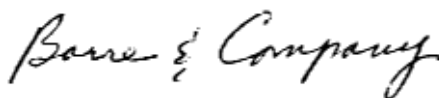
Compliance and Other Matters

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

We also noted other matters that we reported to the Board of Trustees of the Winfield Township School District in a separate report entitled, Auditor's Management Report on Administrative Findings dated November 18, 2016.

Purpose of this Report

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



BARRE & COMPANY
Certified Public Accountants
Public School Accountants



Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 18, 2016

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

K-2
Page 1

Independent Auditor's Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

Honorable President and
Members of the Board of Education
Winfield Township School District
County of Union
Winfield, New Jersey

Report on Compliance for Each Major State Program

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

Management's Responsibility

The School District's 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 School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Those standards, the Uniform Guidance, and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Winfield Township School District, in the County of Union, State of New Jersey, 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 Winfield Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.


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

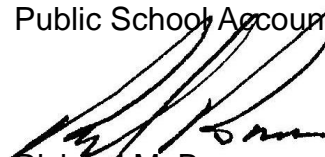
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB's Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Winfield Township School District, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated November 18, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by the New Jersey OMB's Circular 15-08 are presented for purposed of additional analysis and are not a required part of the basic financial statements. Such information is the responsibilities of management and was derived from and related directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


BARRE & COMPANY
Certified Public Accountants
Public School Accountants


Richard M. Barre
Public School Accountant
PSA Number CS-01181

Union, New Jersey
November 18, 2016

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

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	FAIN	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2016 Deferred Revenue	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
No Child Left Behind Cluster:														
Title I Part A	84.010A	S010A150030	NCLB - 5810 - 16	\$ 15,245	7/1/15	6/30/16	\$ -	\$ 12,378	\$ (15,245)	\$ -	\$ -	\$ (2,867)	\$ -	\$ -
Title I Part A Carryover	84.010A	S010A150030	NCLB - 5810 - 15	12,926	7/1/14	6/30/15	(5,618)	5,618						
Title II Part A	84.367A	S367A150029	NCLB - 5810 - 16	6,724	7/1/15	6/30/16	-	6,724	(6,724)	-	-	-	-	-
Title II Part A Carryover	84.367A	S367A150029	NCLB - 5810 - 15	6,715	7/1/14	6/30/15	(3,018)	3,018						
Total No Child Left Behind Cluster							(8,636)	27,738	(21,969)	-	-	(2,867)	-	-
Individuals with Disabilities Cluster:														
ID.E.A. Part B Basic	84.027	H027A150100	IDEA - 5810 - 16	41,758	7/1/15	6/30/16	-	41,758	(41,758)	-	-	-	-	-
ID.E.A. Preschool	84.173	H173A150114	IDEA - 5810 - 16	1,119	7/1/15	6/30/16	-	1,119	(1,119)	-	-	-	-	-
Total Individuals with Disabilities Cluster							-	42,877	(42,877)	-	-	-	-	-
Total Special Revenue Fund							(8,636)	70,615	(64,846)	-	-	(2,867)	-	-
U.S. Department of Agriculture														
Passed-through State Department of Agriculture														
Enterprise Fund:														
Food Distribution Program	10.550	16161N3004N1099	N/A	1,900	7/1/15	6/30/16	-	1,900	(1,900)	-	-	-	-	-
School Breakfast Program	10.553	16161N3004N1099	N/A	501	7/1/15	6/30/16	-	469	(501)	-	-	(32)	-	-
School Lunch Program	10.555	16161N3004N1099	N/A	309	7/1/14	6/30/15	(28)	309						
National School Lunch Program	10.555	16161N3004N1099	N/A	13,990	7/1/15	6/30/16	-	12,729	(13,990)	-	-	(661)	-	-
National School Lunch Program	10.555	16161N3004N1099	N/A	11,829	7/1/14	6/30/15	(670)	670						
Special Milk Program for Children	10.556	16161N3004N1099	N/A	315	7/1/15	6/30/16	-	290	(315)	-	-	(25)	-	-
Special Milk Program for Children	10.556	16161N3004N1099	N/A	265	7/1/14	6/30/15	(25)	25						
Total Enterprise Fund							(723)	16,111	(16,106)	-	-	(718)	-	-
Sub-Total Federal Financial Awards							(9,359)	86,726	(80,952)	-	-	(3,585)	-	-

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

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

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Reversal of Prior Year's Balance	Balance at June 30, 2016		MEMO	
			From	To	Deferred Revenues (Accounts Receivable)	Due to Grantor					Deferred Revenues (Accounts Receivable)	Due to Grantor		Budgetary Receivable
State Department of Education														
General Fund:														
State Aid-Public Cluster:														
Equalization Aid	16-495-034-5120-078	\$ 1,310,098	7/1/15	6/30/16	\$ -	\$ -	\$ 1,179,093	\$ (1,310,098)	\$ -	\$ -	\$ (131,005)	\$ -	\$ 131,005	\$ 1,310,098
Equalization Aid	15-495-034-5120-078	1,310,098	7/1/14	6/30/15	(131,005)		131,005	(97,716)			(9,716)		9,716	97,159
Special Education Categorical Aid	16-495-034-5120-089	97,159	7/1/15	6/30/16	(9,716)		18,149	(20,166)			(2,017)		2,017	20,166
Special Education Categorical Aid	15-495-034-5120-089	20,166	7/1/14	6/30/15	(2,017)		30,860	(34,066)			(3,406)		3,406	34,066
Security Aid	16-495-034-5120-084	20,166	7/1/15	6/30/16			2,017							
Security Aid	15-495-034-5120-084	34,066	7/1/14	6/30/15			3,406							
Adjustment Aid	16-495-034-5120-085	135,330	7/1/15	6/30/16			121,797	(135,330)			(13,533)		13,533	135,330
Adjustment Aid	15-495-034-5120-085	135,330	7/1/14	6/30/15	(11,451)		121,797	(60,475)			(6,047)		6,047	60,475
School Choice Aid	16-495-034-5120-088	135,330	7/1/15	6/30/16			54,428							
School Choice Aid	15-495-034-5120-088	60,475	7/1/14	6/30/15	(6,047)		1,476	(1,640)			(164)		164	1,640
Transportation Aid	16-495-034-5120-014	1,640	7/1/15	6/30/16			1,640							
Transportation Aid	15-495-034-5120-014	1,640	7/1/14	6/30/15	(164)		1,476	(1,640)			(164)		164	1,640
PARCC Readiness Aid	16-495-034-5120-088	1,640	7/1/15	6/30/16			1,640							
PARCC Readiness Aid	15-495-034-5120-088	1,640	7/1/14	6/30/15	(164)		1,476	(1,640)			(164)		164	1,640
Per Pupil Growth Aid	16-495-034-5120-097	1,640	7/1/15	6/30/16			1,640							
Per Pupil Growth Aid	15-495-034-5120-097	1,640	7/1/14	6/30/15	(164)		1,476	(1,640)			(166,052)		166,052	1,660,574
Total State Aid-Public Cluster					(163,970)		1,658,492	(1,660,574)						
Other General Funds:														
Extraordinary Aid	16-100-034-5120-473	3,927	7/1/15	6/30/16				(3,927)			(3,927)		3,927	3,927
Nonpublic School Transportation Costs	16-100-034-5120-068	696	7/1/15	6/30/16				(696)			(696)		696	696
Nonpublic School Transportation Costs	15-100-034-5120-068	174	7/1/14	6/30/15	(174)		174	(117,346)					117,346	117,346
TPAF Post-Retirement Medical Contributions	16-495-034-5994-001	117,346	7/1/15	6/30/16			98,550	(98,550)					98,550	98,550
On-Behalf TPAF Pension Contributions	16-495-034-5994-006	82,496	7/1/15	6/30/16			3,762	(82,496)					82,496	82,496
Reimbursed TPAF - Social Security	16-495-034-5994-003	79,509	7/1/14	6/30/15	(3,762)		302,369	(303,015)			(4,623)		4,623	303,015
Reimbursed TPAF - Social Security	15-495-034-5994-003				(3,959)									
Total Other General Funds					(167,906)		1,960,820	(1,963,589)			(170,675)		170,675	1,963,589
Total State Financial Assistance														
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	16-100-010-3350-023	445	7/1/15	6/30/16			423	(445)			(22)		22	445
National School Lunch Program (State Share)	15-100-010-3350-023	453	7/1/14	6/30/15	(26)		26							
Total Enterprise Fund					(26)		449	(445)			(22)		22	445
Total State Financial Assistance														
State Financial Assistance Not Subject to Major Program Determination:														
General Fund:														
TPAF Post-Retirement Medical Contributions	16-495-034-5994-001	117,346	7/1/15	6/30/16			(117,346)	117,346						(117,346)
On-Behalf TPAF Pension Contributions	16-495-034-5994-006	98,550	7/1/15	6/30/16			(98,550)	98,550						(98,550)
Total On-Behalf TPAF Pension Contributions							(215,896)	215,896						(215,896)
Total State Financial Assistance Subject to Major Program Determination							1,745,373	(1,748,138)			(170,697)		170,697	1,748,138

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

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL
ASSISTANCE
JUNE 30, 2016**

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Winfield Township School District. The Board of Education is defined in Note 1 to the board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and 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. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. This does not apply to charter schools as districts are not permitted to defer the June payments to charter schools.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL
ASSISTANCE
JUNE 30, 2016**

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June 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 (\$2,082) for the general fund and \$2,867 for the special revenue fund. See Notes to the Required Supplementary Information 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 below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,961,507	\$ 1,961,507
Special Revenue Fund	61,979	-	61,979
Food Service Fund	16,106	445	16,551
Total Awards & Financial Assistance	<u>\$ 78,085</u>	<u>\$ 1,961,952</u>	<u>\$ 2,040,037</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Winfield Township School District has no loan balances outstanding at June 30, 2016.

**WINFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL
ASSISTANCE
JUNE 30, 2016**

NOTE 6. 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 school district for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the School District's basic financial statements and the amount subject to State single audit and major program determination.

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in the Uniform Guidance; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the school district.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 15,245
Total	<u>\$ 15,245</u>

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

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements Unmodified

Internal control over financial reporting:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to basic financial statements noted? _____ Yes X No

State Awards

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Internal control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08? _____ Yes X No

Identification of major state programs:

GMIS Number(s)	Name of State Program
_____	_____
16-495-034-5120-078	State Aid-Public Cluster:
16-495-034-5120-089	Equalization Aid
16-495-034-5120-084	Special Education Categorical Aid
16-495-034-5120-085	Security Aid
16-495-034-5120-068	Adjustment Aid
16-495-034-5120-014	School Choice Aid
16-495-034-5120-098	Transportation Aid
16-495-034-5120-097	PARCC Readiness Aid
_____	Per Pupil Growth Aid
_____	_____

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

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in an Uniform Guidance audit. See paragraphs 13.15 and 13.35.

Finding

There were no matters reported.

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

***Section III – State Financial Assistance
Findings and Questioned Costs***

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08.

STATE AWARDS

Findings

There were no matters reported.

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

STATUS OF PRIOR YEAR FINDINGS

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Uniform Guidance (.511(a)(b)) and NJOMB's Circular 15-08.

Findings

There were no matters reported.