

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Green Bank, New Jersey
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

WASHINGTON TOWNSHIP SCHOOL DISTRICT

GREEN BANK, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**Washington Township School District
Finance Department**

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INTRODUCTORY SECTION

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WASHINGTON TOWNSHIP SCHOOL DISTRICT
(Burlington County)
GREEN BANK SCHOOL

2434 Route 563
Phone: (609) 965-3520

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

October 13, 2017

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

Dear Board Members/Citizens:

It is with pleasure that we submit the Comprehensive Annual Financial Report (“CAFR”) of the Washington Township School District (“District”) for the fiscal year ended June 30, 2017. This CAFR includes the District’s Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 14, as amended by GASB Statements No. 34 and No. 61. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

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

- ◆ The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors’ Report and includes the Management’s Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District’s financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1996, as amended, the U. S. Office of Management and Budget’s 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The Washington Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14, as amended by GASB Statements No. 34 and No. 61. All funds and account groups of the District are included in this report. The Washington Township Board of Education and the school district constitute the District's reporting entity.

The District is a non-operating send/receive district. The district sends students to various Pre-K through grade 12 schools for regular and special education. There were 77 students in the 2016-2017 school year.

2. ECONOMIC CONDITION AND OUTLOOK

The Washington Township area is still experiencing a period of stagnant development, which is in part due to governmental zoning and restrictions, and in part to the economy. Population within the Township seems stable; although the school enrollment has decreased.

3. MAJOR INITIATIVES

The 2016-2017 school year marks the first year that the Washington Township School District became a non-operating school district. All students in grades Pre-K through eighth grade attend the Mullica Township School District as part of a send/receive relationship. High school students continue to attend Greater Egg Regional High School District. The Washington Township staff is now employed by the Mullica Township School District. This aids in the continuity for the students.

The shared services program is in place to combine Business, Maintenance, Custodial, Technology and Treasurer services with the Mullica Township Board of Education. This is the first year of a three year revised shared services contract agreement. The agreements help to lower Washington Township's administrative costs and other overhead costs which are always disproportionately high in a school system of this size. This year marks the 13th year of the District's participation in the State's Public School Choice Program. Two students have enrolled in this Program. A contract with the Greater Egg Regional High School District for transportation services has made the students' commute to the Mullica Township School District, Greater Egg Regional High School District, Burlington County Institute of Technology and Atlantic County Special Services District shorter and easier; further providing the District with cost savings.

There has been significant savings to the taxpayers of the township since becoming a non-operating school district. However, the current school tax levy is at the state mandated minimum tax levy. This means that the Board is unable to lower taxes below the current tax rate. In an effort to lower taxes, the Board of Education has formed a Tax Levy committee with the mayor and community members with the goal of working with legislators to change the law. A reduction in the minimum tax levy would further reduce the burden on the taxpayer.

The Board of Education is currently exploring the possibility of selling the school building.

4. INTERNAL ACCOUNTING CONTROLS

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

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

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

5. BUDGETARY CONTROLS

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

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

6. ACCOUNTING SYSTEM AND REPORTS

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

7. DEBT ADMINISTRATION

At June 30, 2017, the District had no long-term debt.

8. CASH MANAGEMENT

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

9. RISK MANAGEMENT

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

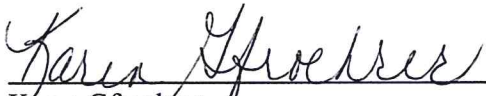
10. OTHER INFORMATION

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. was selected by the Washington Township School District. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related Uniform Guidance and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS:

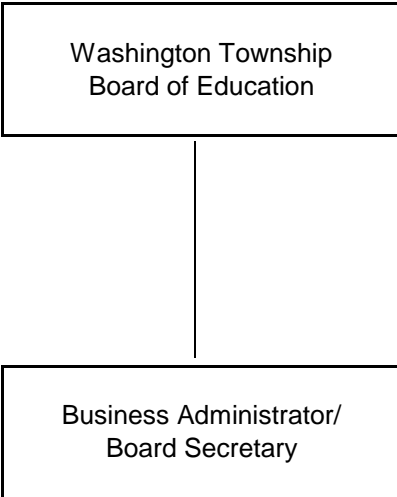
We would like to express our appreciation to the members of the Washington Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,



Karen Gfroehrer
Business Administrator/Board Secretary

Washington Township School District



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

ROSTER OF OFFICIALS

June 30, 2017

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Charlene Lee, President	2018
Scott Bartling, Vice President	2019
Karen Del Nero	2019
Nick Del Nero	2020
Terri Giercyk	2020
Bill Scamoffa	2020
Vacancy	2019

OTHER OFFICIALS

Karen Gfroehrer, Business Administrator/Board Secretary

Dawn Stollenwerk, Treasurer of School Monies

Ronald W. Sahli, Solicitor

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

CONSULTANTS AND ADVISORS

ATTORNEY

Mr. Ronald Sahli
Sahli & Padovani
1145 S. White Horse Pike
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AUDIT FIRM

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

INSURANCE AGENT

Barclay Group
PO Box 244
Riverton, New Jersey

OFFICIAL DEPOSITORY

TD Bank
Cherry Hill, NJ

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FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Washington Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, 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

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Washington Township School District, County of Burlington, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules 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 section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
October 13, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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WASHINGTON TOWNSHIP PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Unaudited)

Introduction

This section of the Washington Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Account Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2016-17) and the prior year (2015-16) is required to be presented in the MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The District did not hold any trust or agency funds as of June 30, 2017.

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

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

Financial Highlights

Key financial highlights for 2017 are as follows:

- General revenues accounted for \$1,930,555 or 91.10% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$188,667 or 8.90% of total revenue of \$2,119,222.
- Total net position of governmental activities increased by \$27,966.
- The School District had \$2,096,535 in expenses; only \$190,759 of these expenses were offset by program specific charges for services and operating grants and contributions. General revenues of \$1,930,555, together with Fund Balance, were adequate to provide for these programs.
- The General Fund had a total fund balance of \$793,084.

Using this General Accepted Accounting Principles Report (GAAP)

The Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2017 and 2016.

Table 1 – Net Position

	<u>2017</u>	<u>2016</u>
Assets:		
Cash and Cash Equivalents	\$ 791,411	\$ 578,930
Receivables, Net	16,661	297,465
Capital Assets, Net	<u>3,740,903</u>	<u>3,905,332</u>
Total Assets	<u>4,548,975</u>	<u>4,781,727</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	<u>125,119</u>	<u>51,894</u>
Total Deferred Outflows of Resources	<u>125,119</u>	<u>51,894</u>
Total Assets and Deferred Outflow of Resources	<u>4,674,094</u>	<u>4,833,621</u>
Liabilities:		
Accounts Payable	2,573	265,594
Unearned Revenue	2,912	2,696
PERS Pension Payable	11,674	-
Noncurrent Liabilities:		
Due Beyond One Year	<u>384,422</u>	<u>303,330</u>
Total Liabilities	<u>401,581</u>	<u>571,620</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	<u>35,747</u>	<u>50,014</u>
Total Deferred Inflows of Resources	<u>35,747</u>	<u>50,014</u>
Net Position		
Net Investment in Capital Assets	3,740,903	3,910,729
Restricted for:		
Capital Projects	9,503	9,503
General Fund	588,102	404,455
Unrestricted	<u>(101,742)</u>	<u>(112,700)</u>
Total Net Position	<u>\$ 4,236,766</u>	<u>\$ 4,211,987</u>

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2017 and 2016.

Table 2

Changes in Net Position

	<u>2017</u>	<u>2016</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 2,092	\$ 6,527
Operating Grants and Contributions	188,667	170,066
General Revenues:		
Property Taxes	1,235,154	1,420,963
Grants and Entitlements	682,541	693,750
Other	<u>12,860</u>	<u>827</u>
Total Revenues	<u>2,121,314</u>	<u>2,292,133</u>
<u>Program Expenses</u>		
Instruction	27,464	378,710
Support Services:		
Tuition, Pupils and Instructional Staff	1,300,624	1,237,814
General Administration, School Administration, Business Operations and Maintenance of Facilities	205,282	256,325
Pupil Transportation	189,506	162,500
Employee Benefits	209,230	253,792
Food Service	5,279	20,402
Other	<u>159,150</u>	<u>135,605</u>
Total Expenses	<u>2,096,535</u>	<u>2,445,148</u>
Increase/(Decrease) in Net Position	<u>\$ 24,779</u>	<u>\$ (153,015)</u>

Governmental Activities

Over the last two budget cycles, the Board of Education has remained well within the 2% tax cap levy. Property taxes made up 58.23% of revenues for governmental activities (excluding Capital Projects) for the Washington Township School District for fiscal year 2016-17.

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

Table 3

	Governmental Activities			
	2017		2016	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
Instruction	\$ 27,464	\$ 23,468	\$ 378,710	\$ 338,581
Support Services:				
Pupils and Instructional Staff	1,300,624	1,298,024	1,237,814	1,235,131
General Administration, School Administration, Business	58,597	58,597	78,756	78,756
Operation and Maintenance of Facilities	146,685	146,685	177,569	177,569
Pupil Transportation	189,506	189,506	162,500	162,500
Employee Benefits	209,230	27,159	253,792	133,199
Other	159,150	159,150	135,605	135,605
Total Expenses	<u>\$ 2,091,256</u>	<u>\$ 1,902,589</u>	<u>\$ 2,424,746</u>	<u>\$ 2,261,341</u>

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

School District's Funds

Information about the School District's major funds follows this report. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$1,999,093, and expenditures of \$1,806,703.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding Capital Projects) for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2015/16</u>	<u>Percent of Increase/ (Decrease)</u>
Local Tax Levy	\$ 1,235,154	61.79%	\$ (185,809)	-15.40%
State Sources	744,483	37.24%	(16,271)	-2.25%
Federal Sources	3,996	0.20%	(37,128)	-60.88%
Miscellaneous	15,460	0.77%	12,945	186.96%
Total	\$ 1,999,093	100.00%	\$ (226,263)	-11.32%

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2017:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2015/16</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 27,464	1.52%	\$ (351,246)	-78.44%
Undistributed Expenditures	1,760,399	97.44%	(87,556)	-5.87%
Capital Outlay	18,840	1.04%	-	0.00%
Total	\$ 1,806,703	100.00%	\$ (438,802)	-22.57%

General Fund Budgeting Highlights

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent overexpenditures in specific line item accounts.

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

Capital Assets

At the end of the fiscal year 2017, the School District had \$3,733,708 invested in land, buildings, equipment, and machinery.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Land	\$ 48,824	\$ 48,824
Building and Improvements	5,031,278	5,028,648
Equipment and Machinery	98,321	240,053
Less: Accumulated Depreciation	<u>(1,444,715)</u>	<u>(1,424,667)</u>
Total	<u>\$ 3,733,708</u>	<u>\$ 3,892,858</u>

Debt Administration

At June 30, 2017, the Washington Township Board of Education had \$-0- in outstanding bonds and \$-0- for Compensated Absences.

At June 30, 2017, the School District's overall legal debt margin was \$2,765,981.

Current Financial Issues and Concerns

Washington Township is primarily a residential community, with very few commercial and/or industrial ratables; thus the tax burden is focused primarily on homeowners. The Washington Township Public School District has seen a decrease in enrollment over the past several years. Additionally, the Township has experienced a decrease in ratables. This has created a situation where there are fewer taxpayers responsible for the cost of education in the township. As such, the Board of Education has voted to become a non-operating send/receive school district. The school district tax levy will be at the minimum tax levy effective with the 2016-2017 school year.

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

Contacting the School District's Financial Management Team

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

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 791,411	\$ -	\$ 791,411
Receivables, Net (Note 4)	16,661	-	16,661
Capital Assets, Net (Note 5)			
Non-depreciable	48,824	-	48,824
Depreciable	3,684,884	7,195	3,692,079
Total Assets	4,541,780	7,195	4,548,975
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	125,119	-	125,119
Total Deferred Outflow of Resources	125,119	-	125,119
Total Assets and Deferred Outflow of Resources	4,666,899	7,195	4,674,094
LIABILITIES			
Due to Other Governments	11,674	-	11,674
Accounts Payable	2,573	-	2,573
Unearned Revenue	2,912	-	2,912
Noncurrent Liabilities (Note 7):			
Due Beyond One Year	384,422	-	384,422
Total Liabilities	401,581	-	401,581
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	35,747	-	35,747
Total Deferred Inflows of Resources	35,747	-	35,747
Total Liabilities and Deferred Inflows of Resources	437,328	-	437,328
NET POSITION			
Net Investment in Capital Assets	3,733,708	7,195	3,740,903
Restricted for:			
Capital Projects Fund	9,503	-	9,503
Other Purposes	588,102	-	588,102
Unrestricted	(101,742)	-	(101,742)
Total Net Position	\$ 4,229,571	\$ 7,195	\$ 4,236,766

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Functions/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES						
Instruction:						
Regular	\$ 27,464	\$ -	\$ 3,996	\$ (23,468)	\$ -	\$ (23,468)
Support Services:						
Tuition	1,289,114	-	-	(1,289,114)	-	(1,289,114)
Student and Instruction Related Services	11,510	-	2,600	(8,910)	-	(8,910)
General Administration	42,419	-	-	(42,419)	-	(42,419)
Central Services	11,178	-	-	(11,178)	-	(11,178)
Admin. Information Technology	5,000	-	-	(5,000)	-	(5,000)
Plant Operations and Maintenance	146,685	-	-	(146,685)	-	(146,685)
Pupil Transportation	189,506	-	-	(189,506)	-	(189,506)
Employee Benefits	209,230	-	182,071	(27,159)	-	(27,159)
Unallocated Depreciation and Amortization	159,150	-	-	(159,150)	-	(159,150)
Total Government Activities	2,091,256	-	188,667	(1,902,589)	-	(1,902,589)
BUSINESS-TYPE ACTIVITIES						
Food Service	5,279	2,092	-	-	(3,187)	(3,187)
Total Business-Type Activities	5,279	2,092	-	-	(3,187)	(3,187)
Total Primary Government	\$ 2,096,535	\$ 2,092	\$ 188,667	(1,902,589)	(3,187)	(1,905,776)
GENERAL REVENUES						
Property Taxes Levied for:						
General Purposes				1,235,154	-	1,235,154
Federal and State Aid Not Restricted				682,541	-	682,541
Miscellaneous Income				12,860	-	12,860
Total General Revenues				1,930,555	-	1,930,555
Change in Net Position				27,966	(3,187)	24,779
Net Position, July 1				4,201,605	10,382	4,211,987
Net Position, June 30				\$ 4,229,571	\$ 7,195	\$ 4,236,766

B. Fund Financial Statements

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Governmental Funds

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS				
Cash and Cash Equivalents	\$ 581,626	\$ 4,372	\$ 9,503	\$ 595,501
Due From Other Funds	2,573	-	-	2,573
Intergovernmental Accounts Receivable:				
Federal	-	1,113	-	1,113
State	15,548	-	-	15,548
Restricted Cash	195,910	-	-	195,910
Total Assets	795,657	5,485	9,503	810,645
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	2,573	-	-	2,573
Interfund Payable	-	2,573	-	2,573
Unearned Revenue	-	2,912	-	2,912
Total Liabilities	2,573	5,485	-	8,058
Fund Balances:				
Restricted Fund Balance:				
Reserved Excess Surplus:				
Designated for Subsequent Year's				
Expenditures				
	191,391	-	-	191,391
Reserve for Excess Surplus				
	188,187	-	-	188,187
Capital Projects				
	-	-	9,503	9,503
Maintenance Reserve				
	195,910	-	-	195,910
Assigned Fund Balance:				
Other Purposes - Year-End Encumbrances				
	12,614	-	-	12,614
Unassigned Fund Balance				
	204,982	-	-	204,982
Total Fund Balances	793,084	-	9,503	802,587
Total Liabilities and Fund Balances	\$ 795,657	\$ 5,485	\$ 9,503	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$5,178,423 and the accumulated depreciation is \$1,444,715 (See Note 5).	3,733,708
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(11,674)
Net deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	89,372
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 7).	(384,422)
Net Position of Governmental Activities	\$ 4,229,571

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
Revenues:				
Local Sources:				
Local Tax Levy	\$ 1,235,154	\$ -	\$ -	\$ 1,235,154
Miscellaneous Revenues	12,860	2,600	-	15,460
Total - Local Sources	1,248,014	2,600	-	1,250,614
State Sources	744,483	-	-	744,483
Federal Sources	-	3,996	-	3,996
Total Revenues	1,992,497	6,596	-	1,999,093
Expenditures:				
Current:				
Regular Instruction	23,468	3,996	-	27,464
Support Services and Undistributed Costs:				
Tuition	1,289,114	-	-	1,289,114
Student and Instruction Related Services	8,910	2,600	-	11,510
General Administration	42,419	-	-	42,419
Central Services	11,178	-	-	11,178
Administrative Information Technology	5,000	-	-	5,000
Plant Operations and Maintenance	127,845	-	-	127,845
Pupil Transportation	189,506	-	-	189,506
Unallocated Benefits	83,827	-	-	83,827
Capital Outlay	18,840	-	-	18,840
Total Expenditures	1,800,107	6,596	-	1,806,703
Excess/(Deficiency) of Revenues				
Over/Under Expenditures	192,390	-	-	192,390
Fund Balance - July 1	600,694	-	9,503	610,197
Fund Balance - June 30	\$ 793,084	\$ -	\$ 9,503	\$ 802,587

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 192,390

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

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

Accumulated Depreciation Deletions	\$	112,833	
Capital Asset Deletions		(139,102)	
Depreciation Expense		(132,881)	(159,150)

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

Pension Expense - PERS Contribution - 2016		11,531	
State Share of Unfunded TPAF Pension Expense		120,129	
Unfunded TPAF Pension Expense		(120,129)	
Pension Expense		(30,492)	(18,961)

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

	Current Year	-	
	Prior Year	13,687	13,687

Change in Net Position of Governmental Activities \$ 27,966

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

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Proprietary Funds

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION
 AS OF JUNE 30, 2017**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>
ASSETS	
Noncurrent Assets:	
Furniture, Machinery and Equipment	\$ 40,280
Less:	
Accumulated Depreciation	<u>(33,085)</u>
Total - Noncurrent Assets	<u>7,195</u>
Total Assets	<u><u>\$ 7,195</u></u>
NET POSITION	
Net Investment in Capital Assets	<u>\$ 7,195</u>
Total Net Position	<u><u>\$ 7,195</u></u>

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS FOOD SERVICE</u>
Operating Revenues:	
Charges for Services:	
Miscellaneous	\$ 2,092
	<hr/>
Total Operating Revenues	2,092
	<hr/>
Operating Expenses:	
Depreciation Expense	2,053
	<hr/>
Total Operating Expenses	2,053
	<hr/>
Operating Gain/(Loss)	39
	<hr/>
Other Financing Sources/(Uses):	
Loss on Disposal of Equipment	(3,226)
	<hr/>
Total Other Financing Sources/(Uses)	(3,226)
	<hr/>
Change in Net Position	(3,187)
Total Net Position - Beginning	10,382
	<hr/>
Total Net Position - Ending	\$ 7,195
	<hr/> <hr/>

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts From Customers	\$ (6,359)
Net Cash Used For Operating Activities	(6,359)
Cash Flows From Noncapital Financing Activities:	
State Sources	21
Federal Sources	927
Return of Change Fund	50
Net Cash Provided By Noncapital Financing Activities	998
Net Decrease in Cash and Cash Equivalents	(5,361)
Balance - Beginning of Year	5,361
Balance - End of Year	\$ -
Reconciliation of Operating Income/(Loss) To Net Cash Provided/(Used) By Operating Activities:	
Operating Gain/(Loss)	\$ 39
Depreciation	2,053
Adjustments To Reconcile Operating Loss To Net Cash Used For Operating Activities:	
Increase/(Decrease) in Interfund Payable	(8,451)
Total Adjustments	(6,398)
Net Cash Used For Operating Activities	\$ (6,359)

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

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Fiduciary Fund

Not Applicable

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WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Washington Township School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Washington Township School District is a Type II School District located in the County of Burlington, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. Effective July 1, 2016 the District became a non-operating school district. The District sends all of its students to other districts on a tuition basis.

The primary criterion for including activities within the School 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 School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization’s board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

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

Component Units

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

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

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

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

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

C. Proprietary Fund Financial Statements

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

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

The School District reports the following major proprietary funds:

Food Service Fund – The food service fund accounts for the financial transactions related to the food service operations of the School District.

D. Fiduciary Fund Financial Statements

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

As of June 30, 2017, the School District held no fiduciary funds:

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

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

Encumbrances

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

Inventories

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

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

Compensated Absences

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

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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

Accounting Estimates

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

Interfund Activity

Transfers between governmental and business-type activities on the government-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 proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Deferred Outflows and Deferred Inflows of Resources

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

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

Deferred Loss on Refunding Debt

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

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

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

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

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

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

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

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. The adoption of this Statement had no 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. The adoption of this Statement had no impact on the School District's financial statements.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (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*. The adoption of this Statement had no impact on 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. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

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

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. 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 have a material impact on 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 have a material impact on the School District's financial statements.

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

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District's bank balance of \$936,885 was exposed to custodial credit risk as follows:

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 2. Deposits and Investments (continued)

Insured under FDIC	\$	250,000
Insured under GUDPA		<u>686,885</u>
	\$	<u>936,885</u>

Investments

The School District had no investments at June 30, 2017.

Fair Value Measurement - The School District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. Investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

All of the School District's investments described above are classified in Level 1 and are valued using prices quoted in active markets for those securities. The School District does not hold any investments that are measured using Level 2 and Level 3 inputs

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

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

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

Concentration of Credit Risk - The School District places no limit in the amount the School District may invest in any one issuer

Note 3. Reserve Accounts

Maintenance Reserve

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 3. Reserve Accounts (continued)

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

There was no activity in the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year. The balance as of June, 30 2017 is \$195,910.

Note 4. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	<u>Governmental Funds</u>			<u>Total Governmental Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
Federal Awards	\$ -	\$ 1,113	\$ -	\$ 1,113
State Awards	15,548	-	-	15,548
Total	\$ 15,548	\$ 1,113	\$ -	\$ 16,661

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2017</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 48,824	\$ -	\$ -	\$ 48,824
Total Capital Assets not being depreciated	48,824	-	-	48,824
Capital Assets being depreciated:				
Buildings and Improvements	5,028,648	-	2,630	5,031,278
Equipment	240,053	-	(141,732)	98,321
Total Capital Assets being depreciated	5,268,701	-	(139,102)	5,129,599

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 5. Capital Assets (continued)

Less: Accumulated Depreciation:	<u>(1,424,667)</u>	<u>(132,881)</u>	<u>112,833</u>	<u>(1,444,715)</u>
Total Capital Assets being depreciated, net	<u>3,844,034</u>	<u>(132,881)</u>	<u>(26,269)</u>	<u>3,684,884</u>
Total Governmental Activities Capital Assets, net	<u>\$ 3,892,858</u>	<u>\$ (132,881)</u>	<u>\$ (26,269)</u>	<u>\$ 3,733,708</u>

	Balance July 1, 2016	Additions	Retirements and Transfers	Balance June 30, 2017
Business-Type Activities:				
Equipment	\$ 52,071	\$ -	\$ (11,791)	\$ 40,280
Less: Accumulated Depreciation:				
Equipment	<u>(39,597)</u>	<u>(2,053)</u>	<u>8,565</u>	<u>(33,085)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 12,474</u>	<u>\$ (2,053)</u>	<u>\$ (3,226)</u>	<u>\$ 7,195</u>

Depreciation expense was not allocated among the various functions/programs of the School District.

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 2,573	\$ -
Special Revenue Fund	<u>-</u>	<u>2,573</u>
	<u>\$ 2,573</u>	<u>\$ 2,573</u>

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

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 8,451	\$ -
Food Service Fund	<u>-</u>	<u>8,451</u>
	<u>\$ 8,451</u>	<u>\$ 8,451</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 6. Interfund Receivables, Payables and Transfers (continued)

The purpose of the interfund transfer was to return the balance of prior year interfund balances.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental activities:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Balance Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 13,687	\$ -	\$ 13,687	\$ -	\$ -
Net Pension Liability	289,643	94,779	-	384,422	-
	<u>\$ 303,330</u>	<u>\$ 94,779</u>	<u>\$ 13,687</u>	<u>\$ 384,422</u>	<u>\$ -</u>

Compensated absences and net pension liability are liquidated by the general fund.

Bonds Authorized but not Issued

As of June 30, 2017, the School District had no bonds authorized but not issued.

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$384,422 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was 0.0012979722%, which was an increase of 0.0000076861% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$30,429 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 7,149	\$ -
Changes of Assumptions	79,632	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	14,658	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	12,006	35,747
School District contributions subsequent to measurement date	11,674	-
	\$ 125,119	\$ 35,747

\$11,674 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2016-2017 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ending
June 30,**

2018	\$	16,499
2019		16,500
2020		20,896
2021		17,460
2022		6,343
	\$	77,698

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

A. Public Employees’ Retirement System (PERS)(continued)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

Actuarial Assumptions – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 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 net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 471,064</u>	<u>\$ 384,422</u>	<u>\$ 312,891</u>

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF)(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. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. 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 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$2,047,889. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.0026032591%, which was an increase of 0.0000314761% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized \$153,870 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

Actuarial Assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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	 7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, 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 – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's 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:

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 2,445,637	\$ 2,047,889	\$ 1,723,076
	<u>\$ 2,445,637</u>	<u>\$ 2,047,889</u>	<u>\$ 1,723,076</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued)

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

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

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$-0-.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 9. State Post-Retirement Medical 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$33,741, \$28,115 and \$86, respectively.

Note 11. Risk Management

The School 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.

New Jersey Unemployment Compensation Insurance – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method".

Property and Liability Insurance – The School 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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)

Note 11. Risk Management (continued)

Joint Insurance Pool – The School District also participates in the Burlington County Insurance Pool Joint Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds	General & Automobile Liability
Environmental Impairment Liability	Workers’ Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

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

Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

Note 14. Compensated Absences

The School 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.

School District employees are granted varying amount of vacation and sick leave in accordance with the

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 14. Compensated Absences (continued)

School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District 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 School District for the unused sick leave in accordance with School Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$-0- and \$13,687, respectively.

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 16. Commitments

The School District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$12,614.

Note 17. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$188,187.

Note 18. Fund Balances

General Fund – Of the \$793,084 General Fund fund balance at June 30, 2017, \$195,910 has been restricted for the Maintenance Reserve Account; \$188,187 has been restricted for current year excess surplus; \$191,391 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$12,614 has been assigned to other purposes; and \$204,982 has been unassigned.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 18. Fund Balances (continued)

Capital Projects Fund – Of the \$9,503 Capital Projects Fund fund balance at June 30, 2017, \$9,503 is restricted for future capital projects approved by the School District.

Note 19. Deficit in Net Position

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$101,742 at June 30, 2017. The deficit is caused by the implementation of GASB 68 which requires the School District to report their proportionate share of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2017.

Note 20. Subsequent Events

Decrease in State Aid – On July 14, 2017 the School District received a revised state aid notice from the State of New Jersey for its budget for the year ended June 30, 2018. This revised notice included a decrease in the School District's state aid of \$13,476. The New Jersey Department of Education authorized school districts that received a decrease in state aid to reduce the appropriations by the same amount in the budget for the year ended June 30, 2018.

Sale of School Building – On April 25, 2017 the School District entered into an agreement with the Township of Washington for the sale of the Green Bank School Building. On September 25, 2017, the Township of Washington and the School District revised the contract so that the sale of the building and its contents would be for a total of \$1 with the understanding that the building will be subsequently sold to the New Jersey Department of Environmental Protection. The three parties are set to close the sale on October 31, 2017 barring any unforeseen circumstances.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	ACCOUNT NUMBERS	June 30, 2017				VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES:						
Local Sources:						
Local Tax Levy	10-1210	\$ 1,235,154	\$ -	\$ 1,235,154	\$ 1,235,154	\$ -
Unrestricted Miscellaneous Revenues	10-1XXX	-	-	-	12,860	12,860
Total Local Sources		1,235,154	-	1,235,154	1,248,014	12,860
State Sources:						
School Choice Aid (Other State Aid)	10-3116	35,934	-	35,934	35,934	-
Categorical Transportation Aid	10-3121	83,884	-	83,884	83,884	-
Categorical Special Education	10-3132	52,560	-	52,560	52,560	-
Equalization Aid	10-3176	145,473	-	145,473	145,473	-
Categorical Security Aid	10-3177	9,777	-	9,777	9,777	-
Adjustment Aid	10-3178	343,290	-	343,290	343,290	-
PARCC Readiness Aid	10-3190	960	-	960	960	-
Per Pupil Growth Aid	10-3191	960	-	960	960	-
Professional Learning Community Aid	10-3183	960	-	960	960	-
Extraordinary Aid	10-3131	-	-	-	15,548	15,548
On-Behalf TPAF Pension Contributions		-	-	-	33,741	33,741
On-Behalf TPAF Port-Retirement Medical Contribution		-	-	-	28,115	28,115
On-Behalf TPAF Long-Term Disability Insurance Contribution		-	-	-	86	86
Total State Sources		673,798	-	673,798	751,288	77,490
Total Revenues		1,908,952	-	1,908,952	1,999,302	90,350
EXPENDITURES:						
Current Expense:						
Regular Programs - Undistributed Instruction:						
Purchased Professional - Educational Services	11-190-100-320	33,500	(7,138)	26,362	12,500	13,862
Purchased Technical Services	11-190-100-340	350	7,138	7,488	7,488	-
Other Purchased Services	11-190-100-500	9,961	(4,881)	5,080	3,480	1,600
General Supplies	11-190-100-610	5,000	-	5,000	-	5,000
Total Regular Programs - Instruction		48,811	(4,881)	43,930	23,468	20,462
Total - Instruction		48,811	(4,881)	43,930	23,468	20,462
Undist. Expend. - Instruction:						
Tuition To Other LEAs Within the State - Regular	11-000-100-561	1,111,029	38,635	1,149,664	1,141,149	8,515
Tuition To Other LEAs within the State - Special	11-000-100-562	55,042	(11,420)	43,622	43,622	-
Tuition To County Voc. School District - Regular	11-000-100-563	9,744	1,972	11,716	9,744	1,972
Tuition To CSSD and Regional Day Schools	11-000-100-565	81,121	17,474	98,595	94,599	3,996
Total Undist. Expend. - Instruction		1,256,936	46,661	1,303,597	1,289,114	14,483
Undist. Expend. - Attendance and Social Work Services:						
Purchased Professional and Technical Services	11-000-211-300	7,000	-	7,000	5,250	1,750
Total Undist. Expend. - Attendance and Social Work Services		7,000	-	7,000	5,250	1,750

WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	ACCOUNT NUMBERS	June 30, 2017			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET ACTUAL		
Undist. Expend. - Health Services:						
Supplies and Materials	11-000-213-600	-	22	22	-	22
Total Undist. Expend. - Health Services		-	22	22	-	22
Undist. Expend. - Speech, OT,PT & Related Services:						
Purchased Professional - Educational Services	11-000-216-320	2,000	946	2,946	1,900	1,046
Total Undist. Expend. - Speech, OT,PT & Related Services		2,000	946	2,946	1,900	1,046
Undist. Expend. - Educational Media Services/School Library:						
Other Purchased Services (400-500 Series)	11-000-222-500	2,000	-	2,000	1,760	240
Total Undist. Expend. - Educational Media Services/School Library		2,000	-	2,000	1,760	240
Undist. Expend. - Support Services - General Administration:						
Legal Services	11-000-230-331	1,000	3,801	4,801	-	4,801
Audit Fees	11-000-230-332	17,200	1,392	18,592	18,592	-
Other Purchased Professional Services	11-000-230-339	16,425	3,550	19,975	16,672	3,303
Communications/Telephone	11-000-230-530	4,851	549	5,400	5,046	354
Other Purchased Services	11-000-230-590	900	(500)	400	279	121
Miscellaneous Expenditures	11-000-230-890	-	150	150	147	3
BOE Membership Dues and Fees	11-000-230-895	3,200	(1,042)	2,158	1,683	475
Total Undist. Expend. - Support Services - General Administration		43,576	7,900	51,476	42,419	9,057
Undist. Expend. Support Services - Central Services:						
Purchased Professional Services	11-000-251-330	14,500	(235)	14,265	10,875	3,390
Purchased Technical Services	11-000-251-340	3,145	-	3,145	-	3,145
Supplies and Materials	11-000-251-600	100	235	335	303	32
Total Undist. Expend. Support Services - Central Services		17,745	-	17,745	11,178	6,567
Undist. Expend. Support Services - Admin. Info. Tech. Services:						
Purchased Technical Services	11-000-252-340	10,273	(50)	10,223	5,000	5,223
Total Undist. Expend. Support Services - Admin. Info. Tech. Services		10,273	(50)	10,223	5,000	5,223
Undist. Expend. - Required Maintenance for School Facilities:						
Cleaning, Repair and Maintenance Services	11-000-261-420	24,000	344	24,344	13,514	10,830
General Supplies	11-000-261-610	6,660	-	6,660	18	6,642
Total Undist. Expend. - Required Maintenance for School Facilities		30,660	344	31,004	13,532	17,472
Undist. Expend. - Custodial Services:						
Purchased Professional and Technical Services	11-000-262-300	18,250	(8,211)	10,039	7,714	2,325
Cleaning, Repair and Maintenance Services	11-000-262-420	10,470	39,875	50,345	50,345	-
Insurance	11-000-262-520	17,247	(3,086)	14,161	13,429	732
General Supplies	11-000-262-610	5,500	(1,680)	3,820	-	3,820
Energy (Electricity)	11-000-262-622	50,000	-	50,000	37,428	12,572
Energy (Oil)	11-000-262-624	35,000	(27,665)	7,335	5,397	1,938
Other Objects	11-000-262-800	200	-	200	-	200
Total Undist. Expend. - Custodial Services		136,667	(767)	135,900	114,313	21,587

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	June 30, 2017			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Undist. Expend. - Care & Upkeep of Grounds:						
Purchased Professional and Technical Services	11-000-263-300	2,800	-	2,800	-	2,800
General Supplies	11-000-263-610	1,800	-	1,800	-	1,800
Total Undist. Expend. - Care & Upkeep of Grounds:		4,600	-	4,600	-	4,600
Total Undist. Expend. - Oper. & Maint. of Plant		171,927	(423)	171,504	127,845	43,659
Undist. Expend. - Security:						
Purchased Professional and Technical Services	11-000-266-300	10,600	(10,016)	584	-	584
General Supplies	11-000-266-610	6,371	-	6,371	-	6,371
Total Undist. Expend. - Security:		16,971	(10,016)	6,955	-	6,955
Undist. Expend. - Student Transportation Services:						
Management Fee - ESC Transportation Program	11-000-270-350	5,350	4,267	9,617	6,928	2,689
Other Purchased Professional and Technical Services	11-000-270-390	6,000	(1,413)	4,587	4,587	-
Contracted Services - Aid in Lieu Payments - NonPub Sch	11-000-270-503	2,652	(2,651)	1	-	1
Contracted Services (Other Than Bet. Home & School) - Ven	11-000-270-512	-	1,134	1,134	1,134	-
Contracted Services (Bet. Home & School) - Joint Agreement	11-000-270-513	169,885	61,190	231,075	176,857	54,218
Contracted Services (Special Ed. Students) - ESCs & CTSAs	11-000-270-518	36,237	(36,237)	-	-	-
Miscellaneous Purchased Services - Transportation	11-000-270-593	1,000	(1,000)	-	-	-
Total Undist. Expend. - Student Transportation Services		221,124	25,290	246,414	189,506	56,908
Unallocated Benefits - Employee Benefits:						
Other Retirement Contributions - PERS	11-000-291-241	-	14,996	14,996	14,996	-
Unemployment Compensation	11-000-291-250	80,000	(75,394)	4,606	36	4,570
Workmen's Compensation	11-000-291-260	-	1,500	1,500	1,500	-
Health Benefits	11-000-291-270	-	2,352	2,352	2,352	-
Unused Sick Payment to Terminated/Retired Staff	11-000-291-299	20,000	-	20,000	3,001	16,999
Total Unallocated Benefits - Employee Benefits		100,000	(56,546)	43,454	21,885	21,569
On-Behalf Contributions:						
On-Behalf TPAF Pension Contributions		-	-	-	33,741	(33,741)
On-Behalf TPAF Port-Retirement Medical Contribution		-	-	-	28,115	(28,115)
On-Behalf TPAF Long-Term Disability Insurance Contribution		-	-	-	86	(86)
Total On-Behalf Contributions		-	-	-	61,942	(61,942)
Total Personal Services - Employee Benefits		100,000	(56,546)	43,454	83,827	(40,373)
Total Undistributed Expenditures		1,849,552	13,784	1,863,336	1,757,799	105,537
Total Expenditures - Current Expense		1,898,363	8,903	1,907,266	1,781,267	125,999

WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

ACCOUNT NUMBERS	June 30, 2017				VARIANCE FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
CAPITAL OUTLAY						
Facilities Acquisition and Construction Services:						
Assessment for Debt Service on SDA Funding	12-000-400-896	18,840	-	18,840	18,840	-
Total Facilities Acquisition and Construction Services		18,840	-	18,840	18,840	-
Total Capital Outlay		18,840	-	18,840	18,840	-
Total Expenditures		1,917,203	8,903	1,926,106	1,800,107	125,999
Excess/(Deficiency) of Revenues Over/(Under) Expenditures						
Before Other Financing Sources/(Uses)		(8,251)	(8,903)	(17,154)	199,195	216,349
Fund Balances, July 1		654,455	-	654,455	654,455	-
Fund Balances, June 30		\$ 646,204	\$ (8,903)	\$ 637,301	\$ 853,650	\$ 216,349

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$ 8,903
Total	\$ 8,903
Restricted Fund Balance:	
Reserved Excess Surplus:	
Designated for Subsequent Year's Expenditures	\$ 191,391
Reserve for Excess Surplus	188,187
Maintenance Reserve	195,910
Assigned Fund Balance:	
Year-End Encumbrances	12,614
Unassigned Fund Balance	265,548
	853,650
Reconciliation To Governmental Funds Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	(60,566)
Fund Balance per Governmental Funds (GAAP)	\$ 793,084

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	June 30, 2017				VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources	\$ -	\$ 2,600	\$ 2,600	\$ 2,600	\$ -
Federal Sources	38,451	(38,451)	-	-	-
Total Revenues	38,451	(35,851)	2,600	2,600	-
Expenditures:					
Instruction:					
General Supplies	15,824	(15,824)	-	-	-
Total Instruction	15,824	(15,824)	-	-	-
Support Services:					
Other Purchased Services	22,627	(20,027)	2,600	2,600	-
Total Support Services	22,627	(20,027)	2,600	2,600	-
Total Expenditures	38,451	(35,851)	2,600	2,600	-
Total Outflows	38,451	(35,851)	2,600	2,600	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	GENERAL FUND	SPECIAL REVENUE FUND
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 1,999,302	\$ 2,600
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Add: Prior Year Encumbrances	-	3,996
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	53,761	-
Less: Current year state aid payment not recognized for GAAP purposes until subsequent year	<u>(60,566)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 1,992,497</u>	<u>\$ 6,596</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	<u>\$ 1,800,107</u>	<u>\$ 2,600</u>
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Add: Prior Year Encumbrances	<u>-</u>	<u>3,996</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 1,800,107</u>	<u>\$ 6,596</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.0012979722%	0.0012902861%	0.0015758403%	0.0014705110%
School District's proportionate share of the net pension liability	\$ 384,422	\$ 289,643	\$ 295,040	\$ 281,044
School District's covered payroll	\$ 92,230	\$ 77,788	\$ 89,007	\$ 103,553
School District's proportionate share of the net pension liability as a percentage of its covered payroll	416.81%	372.35%	331.48%	271.40%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's contractually required contribution	\$ 11,674	\$ 11,531	\$ 11,093	12,991
Contributions in relation to the contractually required contribution	<u>(11,674)</u>	<u>(11,531)</u>	<u>(11,093)</u>	<u>(12,991)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 92,230	\$ 77,788	\$ 89,007	\$ 103,553
Contributions as a percentage of covered payroll	12.66%	14.82%	12.46%	12.55%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
State Proportionate Share of the Net Pension Liability associated with the District	\$ 2,047,889	\$ 1,625,477	\$ 1,822,623	\$ 2,960,572
School District's covered payroll	\$ -	\$ 280,814	\$ 272,465	\$ 264,280
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

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

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Revenues</u>	SAFETY GRANT	TOTALS
Local Sources	\$ 2,600	\$ 2,600
Total Revenues	<u>\$ 2,600</u>	<u>\$ 2,600</u>
 <u>Expenditures</u>		
Support Services:		
Other Purchased Services	\$ 2,600	\$ 2,600
Total Support Services	<u>2,600</u>	<u>2,600</u>
Total Expenditures	<u>\$ 2,600</u>	<u>\$ 2,600</u>

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F. Capital Projects Fund

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

PROJECT TITLE/ISSUE	DATE	ORIGINAL APPROPRIATIONS	PRIOR YEARS	UNEXPENDED BALANCE
Green Bank Elementary School	09/2004	\$ 5,441,825	\$ 5,432,322	\$ 9,503
		<u>\$ 5,441,825</u>	<u>\$ 5,432,322</u>	<u>\$ 9,503</u>
Unexpended Balance				<u>\$ 9,503</u>
Fund Balance (B-2)				<u>\$ 9,503</u>

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
GREEN BANK ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

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

Additional Project Information:

Project Number	SP# 5490-050-02-0760
Grant Date/Letter of Notification	09/10/04
Bond Authorization (Referendum) Date	Not Applicable
Bonds Authorized	Not Applicable
Bonds Issued	Not Applicable
Original Authorized Cost	\$ 5,437,115
Additional Authorized Cost	\$ 41,531
Revised Authorized Cost	\$ 5,478,646
Percentage Completion	
Original Target Completion Date	09/2007
Revised Target Completion Date	09/2007

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G. Proprietary Funds

FOOD SERVICE FUND

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

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

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H. Fiduciary Fund

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
ASSETS				
Cash and Cash Equivalents	\$ 1,251	\$ 1,242	\$ 2,493	\$ -
Total Assets	<u>\$ 1,251</u>	<u>\$ 1,242</u>	<u>\$ 2,493</u>	<u>\$ -</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 1,251	\$ 1,242	\$ 2,493	\$ -
Total Liabilities	<u>\$ 1,251</u>	<u>\$ 1,242</u>	<u>\$ 2,493</u>	<u>\$ -</u>

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I. Long-Term Debt

Not Applicable

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STATISTICAL SECTION (Unaudited)

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FINANCIAL TRENDS/INFORMATION SCHEDULES

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Government Activities:										
Net Investment in Capital Assets	\$ 5,910,045	\$ 5,771,882	\$ 5,710,791	\$ 4,579,467	\$ 4,414,192	\$ 4,277,744	\$ 4,160,818	\$ 4,028,463	\$ 3,898,255	\$ 3,733,708
Restricted	115,726	270,676	155,928	538,797	620,295	615,617	642,441	436,899	413,958	597,605
Unrestricted	189,836	136,452	218,861	169,884	161,040	174,614	168,950	(117,956)	(110,608)	(101,742)
Total Government Activities Net Position	\$ 6,215,607	\$ 6,179,010	\$ 6,085,580	\$ 5,288,148	\$ 5,195,527	\$ 5,067,975	\$ 4,972,209	\$ 4,347,406	\$ 4,201,605	\$ 4,229,571
Business-Type Activities:										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 25,727	\$ 22,254	\$ 18,784	\$ 15,314	\$ 12,474	\$ 7,195
Unrestricted	39,102	31,584	28,329	18,937	13,444	5,748	3,381	2,282	(2,092)	-
Total Business-Type Activities Net Position	\$ 39,102	\$ 31,584	\$ 28,329	\$ 18,937	\$ 39,171	\$ 28,002	\$ 22,165	\$ 17,596	\$ 10,382	\$ 7,195
District-wide:										
Net Investment in Capital Assets	\$ 5,910,045	\$ 5,771,882	\$ 5,710,791	\$ 4,579,467	\$ 4,439,919	\$ 4,299,998	\$ 4,179,602	\$ 4,043,777	\$ 3,910,729	\$ 3,740,903
Restricted	115,726	270,676	155,928	538,797	620,295	615,617	642,441	436,899	413,958	597,605
Unrestricted	228,938	168,036	247,190	188,820	174,483	180,362	172,331	(115,674)	(112,700)	(101,742)
Total District Net Position	\$ 6,254,709	\$ 6,210,594	\$ 6,113,909	\$ 5,307,084	\$ 5,234,697	\$ 5,095,977	\$ 4,994,374	\$ 4,365,002	\$ 4,211,987	\$ 4,236,766

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (610,989)	\$ (645,342)	\$ (926,382)	\$ (746,967)	\$ (579,860)	\$ (379,457)	\$ (405,073)	\$ (368,645)	\$ (327,184)	\$ (27,464)
Special Education	(96,761)	(56,458)	(101,220)	(84,480)	(80,134)	(60,563)	(42,698)	(44,655)	(51,526)	-
Other Instruction	(1,900)	(1,900)	(2,500)	(116)	-	-	-	-	-	-
Support Services:										
Tuition	(396,834)	(372,413)	(326,930)	(403,290)	(618,533)	(731,892)	(836,390)	(1,069,536)	(1,089,208)	(1,289,114)
Student and Instruction Related Services	(181,883)	(272,677)	(218,479)	(224,392)	(221,701)	(159,873)	(131,753)	(144,543)	(148,606)	(11,510)
General & Business Administrative Services	(75,094)	(79,960)	(70,743)	(50,798)	(36,988)	(36,275)	(35,332)	(34,307)	(38,856)	(42,419)
School Administrative Services	(14,816)	(15,423)	(17,095)	(16,975)	(12,904)	(12,450)	(12,280)	(12,200)	(12,200)	-
Central Services	-	-	(24,232)	(25,893)	(18,857)	(17,476)	(17,024)	(17,991)	(17,900)	(11,178)
Administrative Information Technology	-	-	(9,384)	(5,624)	(5,736)	(5,966)	(10,704)	(10,885)	(9,800)	(5,000)
Plant Operations and Maintenance	(149,851)	(145,563)	(199,954)	(208,868)	(196,642)	(159,905)	(166,925)	(167,089)	(177,569)	(146,685)
Pupil Transportation	(203,792)	(192,356)	(179,991)	(31,840)	(161,226)	(159,443)	(136,001)	(136,645)	(162,500)	(189,506)
Employee Benefits	(354,937)	(265,569)	-	-	-	(222,188)	(163,123)	(254,451)	(253,792)	(209,230)
Cancellation of Account Receivable	(36,821)	-	-	-	-	-	-	-	-	-
Unallocated Increase in Compensated Absences	(296)	(11,587)	-	-	-	-	-	-	-	-
Unallocated Depreciation and Amortization	(138,163)	(138,163)	(140,793)	(144,285)	(138,308)	(136,448)	(136,448)	(135,605)	(135,605)	(159,150)
Total Governmental Activities Expenses	(2,262,137)	(2,197,411)	(2,217,703)	(1,943,528)	(2,070,888)	(2,081,936)	(2,093,751)	(2,396,552)	(2,424,746)	(2,091,256)
Business-Type Activities:										
Food Service	(44,577)	(61,418)	(47,470)	(26,610)	(26,587)	(22,773)	(18,447)	(19,475)	(20,402)	(5,279)
Total Business-Type Activities Expenses	(44,577)	(61,418)	(47,470)	(26,610)	(26,587)	(22,773)	(18,447)	(19,475)	(20,402)	(5,279)
Total District Expenses	(2,306,714)	(2,258,829)	(2,265,174)	(1,970,138)	(2,097,475)	(2,104,709)	(2,112,198)	(2,416,027)	(2,445,148)	(2,096,535)
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 68,041	\$ 118,714	\$ 94,923	\$ 91,260	\$ 91,260	\$ 220,218	\$ 203,340	\$ 174,141	\$ 163,405	\$ 188,667
Total Governmental Activities Program Revenues	68,041	118,714	94,923	91,260	91,260	220,218	203,340	174,141	163,405	188,667
Business-Type Activities:										
Charges for Services:										
Food Service	20,916	18,820	15,240	7,851	9,643	4,108	5,188	7,864	6,527	2,092
Operating Grants and Contributions	13,111	18,956	18,975	9,367	7,978	7,497	7,422	7,042	6,661	-
Total Business-Type Activities Program Revenues	34,027	37,776	34,216	17,218	17,621	11,604	12,610	14,906	13,188	2,092
Total District Program Revenues	\$ 102,068	\$ 156,490	\$ 129,139	\$ 108,478	\$ 108,881	\$ 231,822	\$ 215,950	\$ 189,047	\$ 176,593	\$ 190,759

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue:										
Governmental Activities	\$ (2,194,096)	\$ (2,078,697)	\$ (2,122,780)	\$ (1,852,268)	\$ (1,979,628)	\$ (1,861,718)	\$ (1,890,411)	\$ (2,222,411)	\$ (2,261,341)	\$ (1,902,589)
Business-Type Activities	(10,550)	(23,642)	(13,255)	(9,393)	(8,966)	(11,169)	(5,837)	(4,569)	(7,214)	(3,187)
Total District-wide Net (Expense)/Revenue	\$ (2,204,646)	\$ (2,102,339)	\$ (2,136,035)	\$ (1,861,661)	\$ (1,988,595)	\$ (1,872,887)	\$ (1,896,248)	\$ (2,226,980)	\$ (2,268,555)	\$ (1,905,776)
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 1,257,077	\$ 1,257,077	\$ 1,249,077	\$ 1,425,743	\$ 1,169,139	\$ 1,187,766	\$ 1,206,765	\$ 1,226,145	\$ 1,420,963	\$ 1,235,154
State Aid - Unrestricted	880,436	798,113	779,879	687,835	736,218	546,356	580,956	652,003	693,750	682,541
Investment Earnings	-	-	325	1,861	79	-	-	-	-	-
Miscellaneous Income	20,708	2,910	15,169	22,524	8,539	44	6,924	504	827	12,860
Transfers	(10,341)	(16,000)	(15,100)	-	-	-	-	-	-	-
Total Governmental Activities	2,147,880	2,042,100	2,029,351	2,137,963	1,913,975	1,734,166	1,794,645	1,878,652	2,115,540	1,930,555
Business-Type Activities:										
Miscellaneous Income	64	124	-	-	-	-	-	-	-	-
Transfers	10,341	16,000	10,000	-	-	-	-	-	-	-
Total Business-Type Activities	10,405	16,124	10,000	-	-	-	-	-	-	-
Total District-wide	\$ 2,158,285	\$ 2,058,224	\$ 2,039,351	\$ 2,137,963	\$ 1,913,975	\$ 1,734,166	\$ 1,794,645	\$ 1,878,652	\$ 2,115,540	\$ 1,930,555
Changes in Net Position:										
Governmental Activities	\$ (46,216)	\$ (36,597)	\$ (93,430)	\$ 285,695	\$ (65,654)	\$ (127,552)	\$ (95,766)	\$ (343,759)	\$ (145,801)	\$ 27,966
Business-Type Activities	(145)	(7,518)	(3,255)	(9,393)	(8,966)	(11,169)	(5,837)	(4,569)	(7,214)	(3,187)
Total District	\$ (46,361)	\$ (44,115)	\$ (96,685)	\$ 276,303	\$ (74,620)	\$ (138,721)	\$ (101,603)	\$ (348,328)	\$ (153,015)	\$ 24,779

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 26,834	\$ 180,924	\$ 143,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	203,681	162,200	239,560	-	-	-	-	-	-	-
Restricted	-	-	-	310,331	532,060	466,957	371,794	279,974	395,030	575,488
Assigned	-	-	-	218,964	78,733	139,157	261,144	147,422	9,425	12,614
Unassigned	-	-	-	188,087	180,272	194,753	190,069	193,447	196,239	204,982
Total General Fund	\$ 230,515	\$ 343,124	\$ 383,370	\$ 717,381	\$ 791,064	\$ 800,867	\$ 823,007	\$ 620,843	\$ 600,694	\$ 793,084
All Other Governmental Funds:										
Reserved	\$ 89,436	\$ 62,944	\$ 2,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special Revenue Fund	(544)	-	-	-	-	-	-	-	-	-
Capital Projects Fund	316	26,808	9,503	-	-	-	-	-	-	-
Restricted for:										
Capital Projects	-	-	-	9,503	9,503	9,503	9,503	9,503	9,503	9,503
Total All Other Governmental Funds	\$ 89,208	\$ 89,752	\$ 12,118	\$ 9,503	\$ 9,503	\$ 9,503	\$ 9,503	\$ 9,503	\$ 9,503	\$ 9,503

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Tax Levy	\$ 1,257,077	\$ 1,257,077	\$ 1,249,077	\$ 1,425,743	\$ 1,169,139	\$ 1,187,766	\$ 1,206,765	\$ 1,226,145	\$ 1,420,963	\$ 1,235,154
Miscellaneous	20,708	2,910	15,494	24,386	8,618	44	6,924	504	827	12,860
Local Sources	14,456	81,244	-	-	-	2,391	-	1,185	2,600	2,600
State Sources	890,990	798,206	807,377	732,695	762,156	731,747	723,310	708,715	760,754	744,483
Federal Sources	43,031	37,377	67,425	46,400	65,322	32,437	60,986	32,074	41,124	3,996
Total Revenues	2,226,262	2,176,814	2,139,374	2,229,223	2,005,235	1,954,384	1,997,985	1,968,623	2,225,356	1,999,093
Expenditures:										
Instruction:										
Regular	610,989	645,342	729,917	569,096	440,748	379,457	405,073	368,645	327,184	27,464
Special Education	96,761	56,458	81,879	65,277	63,867	60,563	42,698	44,655	51,526	-
Other	1,900	1,900	2,500	116	-	-	-	-	-	-
Support Services and Undistributed Costs:										
Tuition	396,834	372,413	326,930	403,290	618,533	731,892	836,390	1,069,536	1,089,208	1,289,114
Student and Instruction Related Services	181,883	272,677	196,019	192,489	186,779	159,873	131,753	144,543	148,606	11,510
General & Business Administration Services	14,816	15,423	67,330	50,482	36,530	36,275	35,332	34,307	38,856	42,419
School Administrative Services	44,989	49,410	17,095	16,975	12,904	12,450	12,280	12,200	12,200	-
Central Services	30,105	30,550	24,232	25,893	18,857	17,476	17,024	17,991	17,900	11,178
Administrative Information Technology	-	-	9,384	5,624	5,736	5,966	10,704	10,885	9,800	5,000
Plant Operations and Maintenance	149,851	145,563	162,290	147,732	160,949	147,687	167,607	148,249	158,729	127,845
Pupil Transportation	203,792	192,356	179,991	123,100	137,193	159,443	136,001	136,645	162,500	189,506
Unallocated Benefits	354,937	265,569	284,393	277,615	240,552	221,282	162,143	161,041	210,156	83,827
Capital Outlay	-	-	79,702	20,138	8,903	12,218	18,840	22,090	18,840	18,840
Total Expenditures	2,086,857	2,047,661	2,161,662	1,897,827	1,931,551	1,944,582	1,975,845	2,170,787	2,245,505	1,806,703
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	139,405	129,153	(22,288)	331,396	73,683	9,803	22,140	(202,164)	(20,149)	192,390
Other Financing Sources/(Uses):										
Transfers Out	(10,341)	(16,000)	(15,100)	-	-	-	-	-	-	-
Cancellation of Accounts Receivable	(36,821)	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	(47,162)	(16,000)	(15,100)	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ 92,243	\$ 113,153	\$ (37,388)	\$ 331,396	\$ 73,683	\$ 9,803	\$ 22,140	\$ (202,164)	\$ (20,149)	\$ 192,390
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Source: District records										

Note: Noncapital expenditures are total expenditures less Capital Outlay.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Donations	\$ -	\$ -	\$ -	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on Investments	8,412	1,347	839	1,861	79	-	-	-	-	-
Miscellaneous	12,296	651	-	1,522	974	44	6,924	504	827	12,860
	<u>\$ 20,708</u>	<u>\$ 1,998</u>	<u>\$ 839</u>	<u>\$ 21,383</u>	<u>\$ 1,053</u>	<u>\$ 44</u>	<u>\$ 6,924</u>	<u>\$ 504</u>	<u>\$ 827</u>	<u>\$ 12,860</u>

Source: District records

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

YEAR ENDING DECEMBER 31,	VACANT LAND	RESIDENTIAL	FARM REG	QFARM	COMMERCIAL	INDUSTRIAL
2008	\$ 4,741,300	\$ 91,802,600	\$ 9,194,300	\$ 1,654,300	\$ 15,103,400	\$ 2,399,900
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	3,948,700	92,291,200	8,906,600	1,657,100	14,853,400	2,099,400
2011	3,946,600	91,157,600	9,206,600	1,651,300	14,903,400	2,099,400
2012	3,949,100	90,844,400	9,346,500	1,653,600	14,903,400	2,099,400
2013	4,035,200	89,246,300	9,679,500	1,653,600	14,903,400	2,099,400
2014	3,331,200	68,504,600	8,059,400	1,692,400	12,580,400	1,715,000
2015	3,293,700	68,814,800	7,989,000	1,692,400	12,580,400	1,715,000
2016	3,453,300	68,521,600	7,989,000	1,692,400	12,580,400	1,715,000
2017	3,652,000	69,041,300	6,673,000	1,692,400	12,580,400	1,715,000

	APARTMENT	TOTAL ASSESSED ACTUAL	PUBLIC UTILITIES	NET VALUATION TAXABLE	ESTIMATED A (COUNTY EQUALIZED) VALUE	TOTAL DIRECT SCHOOL TAX RATE
2008	-	124,895,800	485,647	124,242,047	115,749,472	0.734
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	-	123,756,400	389,398	123,354,298	106,747,802	0.819
2011	-	122,964,900	383,325	123,348,225	103,219,301	0.820
2012	-	122,796,400	359,973	123,156,373	107,770,651	0.819
2013	-	121,617,400	259,541	121,876,941	96,996,621	1.126
2014	-	95,883,000	259,541	96,142,541	96,996,621	1.126
2015	-	96,085,300	265,655	96,350,955	97,297,599	1.231
2016	-	95,951,700	100	95,951,800	93,224,871	1.342
2017	-	95,354,100	100	95,354,200	90,074,325	1.295

Source: Municipal Tax Assessor

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

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

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

* Reassessed

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

YEAR ENDING DECEMBER 31,	DISTRICT DIRECT RATE		OVERLAPPING RATES					TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	TOTAL DIRECT SCHOOL TAX RATE	TOWNSHIP OF WASHINGTON	BURLINGTON COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE		
2008	0.732	0.732	N/A	0.343	0.032	0.043	1.150	
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2010	0.734	0.734	N/A	0.289	0.028	0.038	1.089	
2011	0.819	0.819	N/A	0.266	0.026	0.034	1.145	
2012	0.820	0.820	N/A	0.259	0.026	0.034	1.139	
2013	0.819	0.819	N/A	0.294	0.027	0.013	1.153	
2014	1.126	1.126	N/A	0.336	0.031	0.016	1.509	
2015	1.231	1.231	N/A	0.345	0.032	0.400	1.648	
2016	1.342	1.342	N/A	0.327	0.031	0.039	1.739	
2017	1.295	1.295	1.679	0.317	0.029	0.038	1.679	

Source: Municipal Tax Collector

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

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

	2017			2008		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Stormy Hill Incorporated, Wm. Haines	\$ 4,919,300	1	5.13%			
M & T Family Holdings, LLC	4,140,500	2	4.32%			
Wading Pines Camping Resort, Inc.	3,935,000	3	4.10%			
Lippincott & Worth, Inc.	1,709,600	4	1.78%			
Haines, Ralph & William	1,286,900	5	1.34%			
Walter, Daniel J. & Rose Marie	1,094,000	6	1.14%			
Pacemaker Properties, LTD	1,015,000	7	1.06%			
Haines, Holly	929,100	8	0.97%			
Black Leopard, LLC	800,000	9	0.83%			
Vision Properties, Lower Bk Part	799,000	10	0.83%			
Total	\$ 20,628,400		\$ 21.50%	\$		\$

DATA NOT AVAILABLE

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY ^a		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2008	\$ 1,257,077	1,257,077	100.00%	-
2009	1,257,077	1,257,077	100.00%	-
2010	1,249,077	1,249,077	100.00%	-
2011	1,425,743	1,425,743	100.00%	-
2012	1,169,139	1,169,139	100.00%	-
2013	1,187,766	1,187,766	100.00%	-
2014	1,206,765	1,206,765	100.00%	-
2015	1,226,145	1,226,145	100.00%	-
2016	1,420,963	1,420,963	100.00%	-
2017	1,235,154	1,235,154	100.00%	-

Source: School District records

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

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

FISCAL YEAR ENDING JUNE 30,	GOVERNMENTAL ACTIVITIES				BOND		BUSINESS-TYPE ACTIVITIES			PERCENTAGE OF PERSONAL INCOME ^a	TOTAL DISTRICT	PER CAPITA ^a
	GENERAL OBLIGATION BONDS ^b	CERTIFICATES OF PARTICIPATION	CAPITAL LEASES	ANTICIPATION NOTES (BAN)	CAPITAL LEASES	TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME ^a	PER CAPITA ^a				
2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

FISCAL YEAR ENDING JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE ^a OF PROPERTY	PER CAPITA ^b
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2008	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A

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

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

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017
(UNAUDITED)**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE ^a	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt Repaid with Property Taxes:			
Washington Township	-	100.00%	-
County of Burlington	314,942,084	0.20%	630,568
Subtotal, Overlapping Debt			630,568
Washington Township School District			-
Total Direct and Overlapping Debt			\$ 630,568

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.
Debt Outstanding data provided by each governmental unit.

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis		
	2016	2015	2014
	\$ 89,348,822	91,947,656	95,301,660
	<u>(A)</u>		<u>(A)</u>
Average Equalized Valuation of Taxable Property	\$ 92,199,379		
		(B)	
Debt Limit (3.0% of Average Equalization Value)	\$ 2,765,981		
Total Net Debt Applicable To Limit		(C)	
			<u>(B-C)</u>
Legal Debt Margin	\$ 2,765,981		

	FISCAL YEAR				
	2008	2009	2010	2011	2012
Debt Limit	\$ 3,319,600	\$ 3,660,326	\$ 4,833,630	\$ 4,599,117	\$ 4,236,503
Legal Debt Margin	<u>\$ 3,319,600</u>	<u>\$ 3,660,326</u>	<u>\$ 4,833,630</u>	<u>\$ 4,599,117</u>	<u>\$ 4,236,503</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit					
	2013	2014	2015	2016	2017
Debt Limit	\$ 4,236,503	\$ 4,106,488	\$ 4,023,519	\$ 3,694,979	\$ 2,765,981
Legal Debt Margin	<u>\$ 4,236,503</u>	<u>\$ 4,106,488</u>	<u>\$ 4,023,519</u>	<u>\$ 3,694,979</u>	<u>\$ 2,765,981</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit					

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

a Limit set by N.J.S.A. 18A:24-19 for a K through 8 District; other percentage limits would be applicable for other District types.

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

YEAR	POPULATION ^a	PERSONAL INCOME ^b	PER CAPITA PERSONAL INCOME ^c	UNEMPLOYMENT RATE ^d
2007	643	29,698,884	46,188	8.00%
2008	646	30,889,136	47,816	13.20%
2009	649	30,924,201	47,649	14.10%
2010	685	32,912,195	48,047	13.80%
2011	687	34,319,085	49,955	14.30%
2012	683	35,099,370	51,390	8.60%
2013	683	35,369,155	51,785	1.60%
2014	674	36,225,478	53,747	5.70%
2015	674	37,222,998	55,227	7.60%
2016	695	N/A	N/A	6.70%

Source:

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

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

^c Per capita personal income provided by the NJ Department of Labor and Workforce Development.

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

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

EMPLOYER	2017			2008		
	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL MUNICIPAL EMPLOYMENT	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL MUNICIPAL EMPLOYMENT
Green Bank Volunteer Fire Co.	23	1	45.10%			
Green Bank Volunteer Ambulance	8	2	15.69%			
Dolphin Industries, Ltd.	7	3	13.73%			
Lower Bank Tavern	5	4	9.80%			
Washington Twp. Municipality	5	5	9.80%			
Turtle Run Campground & RV Park	2	6	3.92%			
River Road Clamhouse	1	7	1.96%			
Total	51		100.00%			

DATA NOT AVAILABALE

N/A - Information not available at time of CAFR preparation.
Source: Office of the Business Administrator of the Township of Washington

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
Instruction:										
Regular	10.40	10.80	8.80	7.60	6.40	3.93	4.47	4.47	4.47	-
Special Education	2.00	1.00	1.00	1.00	2.70	0.68	0.68	0.68	0.68	-
Support Services:										
Student and Instruction Related Services	1.00	1.00	1.00	1.00	1.00	1.00	0.96	1.00	1.00	-
School Administrative Services	0.50	-	-	0.50	-	0.50	0.50	0.50	0.50	-
General & Business Administrative Services	0.50	-	-	0.50	-	0.50	0.50	0.50	0.50	-
Plant Operations and Maintenance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Pupil Transportation	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Food Service	1.00	1.40	1.40	1.00	-	-	-	-	-	-
Total	17.40	16.20	14.20	13.60	12.10	8.61	8.11	8.15	8.15	-

Source: District Personnel Records

* - Washington Township School District became a non-operating school district.

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

Not Applicable - Washington Township School District is a non-operating District.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
DISTRICT BUILDINGS										
Green Bank School (2006)	25,321	25,321	25,321	25,321	25,321	25,321	25,321	25,321	25,321	25,321
Square Feet	250	250	250	250	250	250	250	250	250	250
Capacity (Students)	73	81	70	60	45	37	31	42	36	-
Enrollment PK-8										

* - Washington Township School District became a non-operating school district.

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

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

11-000-261-xxx

	<u>*SCHOOL FACILITIES</u> PROJECT # (S)	<u>GREEN BANK ELEMENTARY SCHOOL</u>	<u>TOTAL</u>
2008	N/A	\$ 12,795	\$ 12,795
2009	N/A	17,088	17,088
2010	N/A	9,870	9,870
2011	N/A	10,973	10,973
2012	N/A	12,631	12,631
2013	N/A	11,087	11,087
2014	N/A	18,966	18,966
2015	N/A	16,828	16,828
2016	N/A	31,573	31,573
2017	N/A	<u>13,532</u>	<u>13,532</u>
Total School Facilities		<u>\$ 155,343</u>	<u>\$ 155,343</u>

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

Source: District records

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
June 30, 2017
(UNAUDITED)**

	COVERAGE	DEDUCTIBLE
School Package Policy:		
Property		
Blanket Coverage for Building and Contents	\$ 5,456,500	\$ 1,000
Extra Expense	50,000,000	1,000
Papers and Records	10,000,000	1,000
Electronic Hardware and Software	75,000	1,000
General Liability	6,000,000	N/A
Medical Expense Limit	10,000	1,000
Employee Benefits Liability	6,000,000	N/A
Automobile	6,000,000	N/A
Sexual Abuse Liability	6,000,000	N/A
School Board Legal Liability	5,000,000	1,000
Boiler and Machinery	100,000,000	1,000
Surety Bonds:		
Treasurer	125,300	
Board Secretary/Business Administrator	100,000	

Source: District records

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Washington Township School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Washington Township School District's basic financial statements, and have issued our report thereon dated October 13, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
October 13, 2017



HOLMAN | FRENIA
ALLISON, P.C.
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EXHIBIT K-2

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

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

Report on Compliance for Each Major State Program

We have audited the Washington Township School District’s compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major state programs for the fiscal year ended June 30, 2017. The Washington Township School District’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Washington Township School District’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards 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 Washington Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Washington Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 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 of that testing based on the requirements of New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
October 13, 2017

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WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE AT JUNE 30, 2017 (ACCOUNTS RECEIVABLE)
U.S. Department of Agriculture:										
Passed-Through New Jersey Department of Agriculture:										
Enterprise Fund:										
Child Nutrition Cluster:										
National School Lunch Program	10.555	16161N1304N1099	100-010-3350-026	\$ 4,310	7/1/15-6/30/16	\$ (622)	\$ 622	\$ -	\$ -	\$ -
School Breakfast Program	10.553	16161N1304N1099	100-010-3350-028	1,365	7/1/15-6/30/16	(305)	305	-	-	-
Total Child Nutrition Cluster						(927)	927	-	-	-
Total U.S. Department of Agriculture										
U.S. Department of Education:										
Passed-Through New Jersey Department of Education:										
Special Revenue Fund:										
Title I Part A	84.010	S010A150030	100-034-5064-194	14,000	7/1/15-6/30/16	(12,957)	12,957	-	-	-
Title I Part A	84.010	S010A140030	100-034-5064-194	716	7/1/14-6/30/15	(413)	-	-	-	(413)
Subtotal						(13,370)	12,957	-	-	(413)
Special Education Cluster										
I.D.E.A. Part B, Basic	84.027	H027A150100	100-034-5065-016	26,820	7/1/15-6/30/16	(26,818)	26,818	-	-	-
I.D.E.A. Part B, Preschool	84.173	H173A150114	100-034-5065-020	1,817	7/1/15-6/30/16	(700)	-	-	-	(700)
Total Special Education Cluster						(27,518)	26,818	-	-	(700)
Total Passed-Through New Jersey Department of Education						(40,888)	39,775	-	-	(1,113)
Direct Awards:										
Rural Education Achievement Progra	84.358A	S558A150030	N/A	17,537	7/1/14-9/30/16	(3,959)	3,959	-	-	-
Total U.S. Department of Education						(44,847)	43,734	-	-	(1,113)
Total Expenditures of Federal Awards						\$ (45,774)	\$ 44,661	\$ -	\$ -	\$ (1,113)

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR YEAR ENDED JUNE 30, 2017

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	(ACCOUNTS RECEIVABLE) JUNE 30, 2017	MEMO	
									BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:										
General Fund:										
State Aid Public:										
Equalization Aid	17-495-034-5120-078	\$ 145,473	7/1/16-6/30/17	\$ -	145,473	\$ (145,473)	\$ -	\$ -	13,076	\$ 145,473
School Choice Aid	17-495-034-5120-068	35,934	7/1/16-6/30/17	-	35,934	(35,934)	-	-	3,230	35,934
Special Education Aid	17-495-034-5120-089	52,560	7/1/16-6/30/17	-	52,560	(52,560)	-	-	4,725	52,560
Security Aid	17-495-034-5120-084	9,777	7/1/16-6/30/17	-	9,777	(9,777)	-	-	879	9,777
PARCC Readiness Aid	17-495-034-5120-098	960	7/1/16-6/30/17	-	960	(960)	-	-	86	960
Per Pupil Growth Aid	17-495-034-5120-097	960	7/1/16-6/30/17	-	960	(960)	-	-	86	960
Adjustment Aid	17-495-034-5120-085	343,290	7/1/16-6/30/17	-	343,290	(343,290)	-	-	30,858	343,290
Professional Learning Community Aid	17-495-034-5120-101	960	7/1/16-6/30/17	-	960	(960)	-	-	86	960
Total State Aid Public		589,914		-	589,914	(589,914)	-	-	53,026	589,914
Transportation Aid	16-495-034-5120-014	83,884	7/1/16-6/30/17	-	83,884	(83,884)	-	-	7,540	83,884
Extraordinary Aid	17-495-034-5120-044	15,548	7/1/16-6/30/17	-	-	(15,548)	-	(15,548)	-	15,548
Extraordinary Aid	16-495-034-5120-044	18,362	7/1/15-6/30/16	(18,362)	18,362	-	-	-	-	-
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	16-495-034-5094-003	21,343	7/1/15-6/30/16	(1,122)	1,122	-	-	-	-	-
On-Behalf TPAF Pension Contributions (Noncash Assistance)	17-495-034-5094-001	33,741	7/1/16-6/30/17	-	33,741	(33,741)	-	-	-	33,741
On-Behalf TPAF Post-Retirement Medical (Noncash Assistance)	17-495-034-5094-002	28,115	7/1/16-6/30/17	-	28,115	(28,115)	-	-	-	28,115
On-Behalf TPAF Long-Term Disability Insurance Contributions (Noncash Assistance)	17-495-034-5120-004	86	7/1/16-6/30/17	-	86	(86)	-	-	-	86
Total General Fund		755,224		(19,484)	755,224	(751,288)	-	(15,548)	60,566	751,288
New Jersey State Department of Agriculture:										
Enterprise Fund:										
National School Lunch Program	16-100-010-3350-023	145	7/1/15-6/30/16	(21)	21	-	-	-	-	-
Total Enterprise Fund		21		(21)	21	-	-	-	-	-
Total State Financial Assistance		\$ 755,245		\$ (19,505)	\$ 755,245	\$ (751,288)	\$ -	\$ (15,548)	\$ 60,566	\$ 751,288
State Financial Assistance Programs not subject to Calculation for Major Program Determination:										
On-Behalf TPAF Pension Contributions (Noncash Assistance)	17-495-034-5094-001	33,741								
On-Behalf TPAF Post-Retirement Medical Contributions (Noncash Assistance)	17-495-034-5094-002	28,115								
On-Behalf TPAF Long-Term Disability Insurance Contributions (Noncash Assistance)	17-495-034-5120-004	86								
Total State Financial Assistance subject to Calculation for Major Program Determination		\$ (689,346)								

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Washington Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules 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*. 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. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District'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* 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 preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017.

Note 3. Relationship to Basic Financial Statements

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the 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 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 state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(6,805) for the general fund and \$3,996 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 744,483	\$ 744,483
Special Revenue Fund	<u>3,996</u>	<u>-</u>	<u>3,996</u>
Total Awards & Financial Assistance	<u>\$ 3,996</u>	<u>\$ 744,483</u>	<u>\$ 748,479</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

The Washington Township School District had no loan balances outstanding at June 30, 2017.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

1) Material weakness(es) identified? yes no

2) Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs _____

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? yes no

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results (continued)

State Financial Assistance

Dollar threshold used to determine Type A 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 deficiency(ies) identified? _____ yes X no

Type of auditor's report issued on compliance for major programs _____ Unmodified _____

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? _____ yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
_____	State Aid Public Cluster: _____
<u>495-034-5120-068</u>	<u>School Choice Aid</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>495-034-5120-101</u>	<u>Professional Learning Community Aid</u>

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

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

None.

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, 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 OMB's Circular 15-08.

FEDERAL AWARDS

N/A – Federal single audit not required

STATE FINANCIAL ASSISTANCE

None.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, 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.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

No Prior Year Findings.