

**SCHOOL DISTRICT
OF
WASHINGTON TOWNSHIP**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual
Financial Report**

of the

Washington Township School District

Long Valley, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

**Washington Township School District
Business Office**

WASHINGTON TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

Washington Township Board of Education

53 West Mill Road, Long Valley, NJ 07853

Phone: 908-876-4172

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Jeffrey S. Mohre
Superintendent

Liz George, CPA
Business Administrator

Richard C. Papera
Assistant Superintendent

November 15, 2017

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

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report of the Washington Township School District (the "District") for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Washington Township Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction overview and analysis of the basic financial statements. It is intended to complement this letter of transmittal and should be read in conjunction with it.

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

1) REPORTING ENTITY AND ITS SERVICES: The Washington Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Washington Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2016-17 fiscal year with an enrollment of 2,102 students, which is a decrease of 95 students from the previous year's enrollment.

The Honorable President and Members of
the Board of Education
Washington Township School District
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November 15, 2017

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

2) ECONOMIC CONDITION AND OUTLOOK: Washington Township is situated approximately 90 minutes west of New York City. Incorporated in 1798 and named for George Washington it is one of ten communities statewide named for the nation's first President. The Township comprises approximately 45 square miles and represents a blend of historic, farming and bucolic elements that make the area highly attractive from a quality of life perspective. Its citizens are highly supportive of the schools and very involved in the abundance of activities offered by community organizations. The Township is primarily residential with a very small commercial center and limited commercial activities. This is not expected to change. A large amount of undeveloped property has been placed in the farmland preservation program. It is not anticipated that there will be major fluctuations in the tax base.

As of the 2010 United States Census, there are 18,533 people, 6,237 households and 5,195 families residing in the township. With a median household income of \$112,651 and only .9% of the population living below the poverty line, the district has been classified by the New Jersey State Department of Education as an "I" district for the District Factor Group (DFG) reporting. The DFG, which also factors in property value, educational background and occupational status is an indicator of the socioeconomic status of citizens in each district. The District's classification places it in the highest 20% of New Jersey Districts.

The District has the appropriate facilities to meet the educational and support needs of its student population; therefore there are currently no plans for expansion of our schools. As the student population has declined the District has been able to enhance programs offered to students in district facilities, reducing reliance on tuition based services and stabilizing costs. The District continues to utilize financing for major equipment purchases in the areas of technology and transportation due to the current interest environment but will re-evaluate should current financial markets change. While nationally Charter Schools have become popular, the district has seen limited use of this alternative education source having just three students choose this option in the past school year.

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

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted by the Board of Education, after initial approval by the New Jersey State Department of Education and holding a public hearing for the local taxpayers, for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. All budget amendments are approved as necessary by the Board of Education.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2017.

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

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

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

Respectfully submitted,

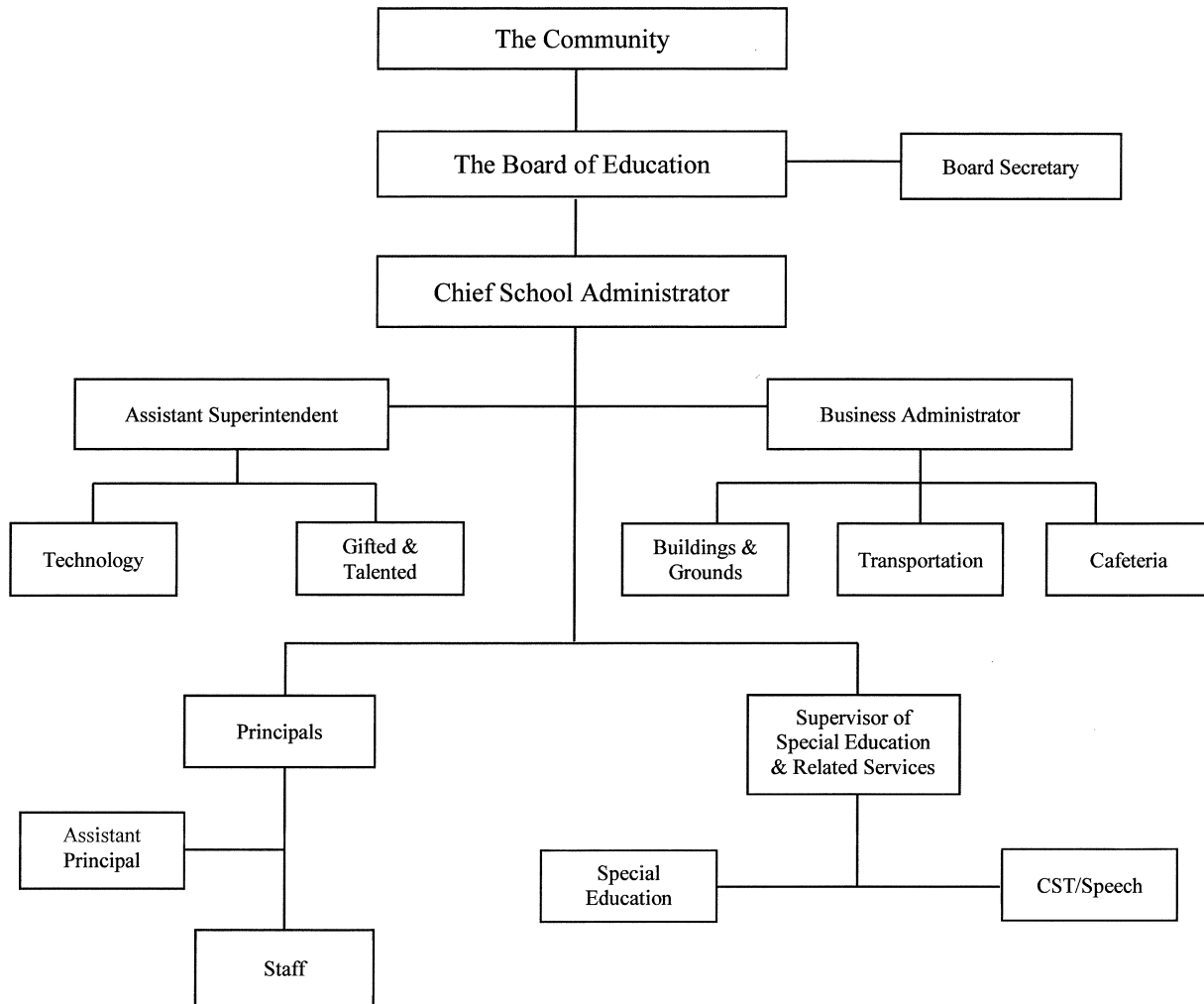
Jeffrey S. Mohre

Elizabeth George

Jeffrey S. Mohre
Superintendent

Elizabeth George, CPA
Business Administrator/Board Secretary

*Washington Township School District
Long Valley, New Jersey 07853*



**WASHINGTON TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kathleen Koop, President	2020
Michelle Munley, Vice President	2017
Kristin Gallagher	2018
Chance Healy	2017
Perry Kwok	2018
Kevin Daly	2020
Michael St. Jacques	2018
Al DiGabriele	2017
John Gorman	2020

Other Officers

Title

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

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

and

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

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

Official Depository

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Washington Township School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

The Honorable President and Members
of the Board of Education
Washington Township School District
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The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.


Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 15, 2017
Mount Arlington, New Jersey



NISIVOCCIA LLP



Francis Jones
Licensed Public School Accountant #1154
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis **(Unaudited)**

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

Financial Highlights

- In total, net position decreased \$838,723 or 4.07%. Net position of governmental activities decreased \$826,111 while net position of business-type activities decreased by \$12,612.
- Revenues totaled \$59,342,692 for this fiscal year.
- The District had \$59,630,436 in expenses related to governmental activities. Expenses relating to business-type activities totaled \$550,979.
- Enrollment in the District has decreased and the cost per pupil increased.
- Administrative costs remain below the northern region average as calculated by the New Jersey State Department of Education.
- The District continued to pay down its debt by retiring \$1,135,000 of outstanding bonds.

Overview of the Financial Statements

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

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

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

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

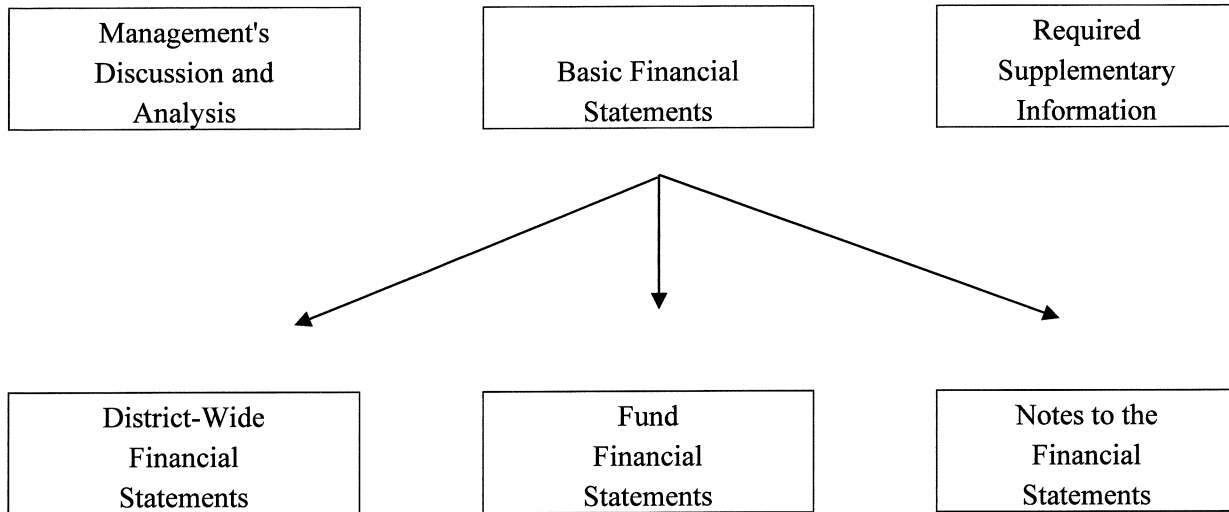


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

Financial Analysis of the District as a Whole

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

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

Figure A-3
Condensed Statement of Net Position

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		Percentage Change
	<u>2015/16</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2016/17</u>	
Assets:							
Current and							
Other Assets	\$ 3,994,537	\$ 3,311,181	\$ (76,379)	\$ (113,618)	\$ 3,918,158	\$ 3,197,563	-18.39%
Capital Assets, Net	44,951,560	44,239,194	80,434	60,642	45,031,994	44,299,836	-1.63%
Total Assets	<u>48,946,097</u>	<u>47,550,375</u>	<u>4,055</u>	<u>(52,976)</u>	<u>48,950,152</u>	<u>47,497,399</u>	-2.97%
Deferred Outflows							
of Resources	<u>3,384,475</u>	<u>6,931,532</u>			<u>3,384,475</u>	<u>6,931,532</u>	104.80%
Liabilities:							
Long-Term Liabilities	29,496,767	33,670,063			29,496,767	33,670,063	14.15%
Other Liabilities	1,819,830	903,748	65,057	20,638	1,884,887	924,386	-50.96%
Total Liabilities	<u>31,316,597</u>	<u>34,573,811</u>	<u>65,057</u>	<u>20,638</u>	<u>31,381,654</u>	<u>34,594,449</u>	10.24%
Deferred Inflows							
of Resources	<u>357,602</u>	<u>77,833</u>			<u>357,602</u>	<u>77,833</u>	-78.23%
Net Position:							
Net Investment in							
Capital Assets	33,572,340	33,877,875	80,434	60,642	33,652,774	33,938,517	0.85%
Restricted	2,510,753	1,440,224			2,510,753	1,440,224	-42.64%
Unrestricted/(Deficit)	<u>(15,426,720)</u>	<u>(15,487,836)</u>	<u>(141,436)</u>	<u>(134,256)</u>	<u>(15,568,156)</u>	<u>(15,622,092)</u>	-0.35%
Total Net Position	<u>\$ 20,656,373</u>	<u>\$ 19,830,263</u>	<u>\$ (61,002)</u>	<u>\$ (73,614)</u>	<u>\$ 20,595,371</u>	<u>\$ 19,756,649</u>	-4.07%

Changes in Net Position. The District's *combined* net position was \$19,756,649 on June 30, 2017, \$838,722 or 4.07% less than it was the year before. (See Figure A-3). The depreciation factored into the net position of the District's governmental activities as a decrease is \$1,546,287. The net position of the business-type activities decreased \$12,612 (See Figure A-4).

Figure A-4**Changes in Net Position from Operating Results**

	Governmental		Business-Type		Total School		Total Percentage Change
	Activities		Activities		District		
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,303,236	\$ 1,420,193	\$ 453,066	\$ 443,317	\$ 1,756,302	\$ 1,863,510	6.10%
Operating Grants and Contributions	19,075,209	23,188,978	104,924	95,050	19,180,133	23,284,028	21.40%
General Revenue:							
Property Taxes	33,022,999	33,920,393			33,022,999	33,920,393	2.72%
Federal and State Aid Not Restricted	112,689	92,876			112,689	92,876	-17.58%
Other	222,048	181,885			222,048	181,885	-18.09%
Total Revenue	53,736,181	58,804,325	557,990	538,367	54,294,171	59,342,692	9.30%
Expenses:							
Instruction	30,541,312	34,212,795			30,541,312	34,212,795	12.02%
Pupil and Instruction Services	9,768,257	10,994,999			9,768,257	10,994,999	12.56%
Administrative and Business	3,541,033	3,745,338			3,541,033	3,745,338	5.77%
Maintenance and Operations	4,419,113	4,826,969			4,419,113	4,826,969	9.23%
Transportation	4,683,483	5,186,198			4,683,483	5,186,198	10.73%
Other	473,854	664,137	578,631	550,979	1,052,485	1,215,116	15.45%
Total Expenses	53,427,052	59,630,436	578,631	550,979	54,005,683	60,181,415	11.44%
Increase/(Decrease) in							
Net Position	309,129	(826,111)	(20,641)	(12,612)	288,488	(838,723)	-390.73%
Beginning Net Position	20,347,245	20,656,374	(40,361)	(61,002)	20,306,884	20,595,372	1.42%
Ending Net Position	<u>\$ 20,656,374</u>	<u>\$ 19,830,263</u>	<u>\$ (61,002)</u>	<u>\$ (73,614)</u>	<u>\$ 20,595,372</u>	<u>\$ 19,756,649</u>	-4.07%

Revenue Sources. The District's total revenue for the 2016-17 school year was \$59,342,692. (See Figure A-4). Property taxes and operating grants and contributions accounted for most of the District's revenue, with local taxes accounting for \$33,920,393 of the total, or 57.16 percent. (See Figure A-5). Another 39.23 percent came from operating grants and contributions with the remainder from miscellaneous sources and charges for services. The District basically conducts its operations from the revenue it receives from its local taxpayers.

Figure A-5**Sources of Revenue for Fiscal Year 2017**

	Amount	Percentage
Sources of Income:		
Operating Grants and Contributions	\$ 23,284,028	39.23%
Property Taxes	33,920,393	57.16%
Charges for Services	1,863,510	3.14%
Federal and State Aid not Restricted	92,876	0.16%
Other	181,885	0.31%
	<u>\$ 59,342,692</u>	<u>100.00%</u>

The total cost of all programs and services was \$60,181,415. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (83.74 percent). (See Figure A-6). The District's administrative and business activities accounted for 6.22 percent of total costs.

Figure A-6
Expenses for Fiscal Year 2017

Expense Category:	Amount	Percentage
Instruction	\$ 34,212,795	56.85%
Pupil and Instruction Services	10,994,999	18.27%
Administrative and Business	3,745,338	6.22%
Maintenance and Operations	4,826,969	8.02%
Transportation	5,186,198	8.62%
Other	1,215,116	2.02%
	<u>\$ 60,181,415</u>	<u>100.00%</u>

Governmental Activities

The financial position of the District decreased primarily as a result of the allocation of pension liability to the District. Maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils places great demands on the District's resources.

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

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

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

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

Figure A-7
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2015/16	2016/17	2015/16	2016/17
Sources of Income:				
Instruction	\$ 30,541,312	\$ 34,212,795	\$ 15,397,142	\$15,615,326
Pupil and Instruction Services	9,768,257	10,994,999	7,594,592	8,683,279
Administrative and Business	3,541,033	3,745,338	2,714,022	2,643,461
Maintenance and Operations	4,419,113	4,826,969	3,785,668	3,948,721
Transportation	4,683,483	5,186,198	3,083,329	3,466,341
Other	473,854	664,137	473,854	664,137
	<u>\$ 53,427,052</u>	<u>\$ 59,630,436</u>	<u>\$ 33,048,607</u>	<u>\$ 35,021,265</u>

- The cost of all governmental activities this year was \$59.63 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$23.19 million).
- Most of the District's costs however, were financed by District taxpayers (\$33.92 million).

Business-Type Activities

Net position from the District's business-type activity decreased by \$12,612. (Refer to Figure A-4). Factors contributing to this result were:

- Expenses exceeded revenue in the food service fund \$12,612.

Financial Analysis of the District's Funds

The District's financial position improved despite significant changes in the student clientele and continued challenges from economic conditions as well as state and federal mandates. Expenditures related to special needs children have increased due to additional students requiring related services and material needs and the intensity as to which those services and materials are required to serve the individualized needs of the students. Salaries of staff have been increased by prior year negotiated agreements. A slight state aid increase offset by a lower ratable increase, as well as the debt service requirements for the 2004 bond issue and the aforementioned required increase in expenditures enabled the District to maintain a stable tax rate for 2016. The ability to manage the budget to generate fund balance and to have increased ratables is essential since there is not a guaranteed future state aid increase. Fund balance in the General Fund increased primarily as a result of conservative budgeting principles utilized by the District. Miscellaneous Local Revenue and Unbudgeted State Revenue accounted for \$592,239 in revenue in excess of budgeted amounts. In addition, the District was able to contribute to fund balance in the General Fund by ending the fiscal year with \$783,915 in unexpended budget appropriations.

General Fund Budgetary Highlights

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

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

Capital Assets and Long-Term Liabilities Administration

At year end the District had capital assets of \$44.30 million dollars, net of depreciation. The decrease of \$732,158 was attributable to additional depreciation recorded during the year. (More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements)

**Figure A-8
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
Land	\$ 1,024,701	\$ 1,024,701			\$ 1,024,701	\$ 1,024,701	0.00%
Construction in Progress	6,782,614				6,782,614		-100.00%
Site Improvements, Buildings and Building Improvements, Furniture, Machinery and Equipment	37,144,245	43,214,493	\$ 80,434	\$ 60,642	37,224,679	43,275,135	16.25%
	<u>\$44,951,560</u>	<u>\$44,239,194</u>	<u>\$ 80,434</u>	<u>\$ 60,642</u>	<u>\$45,031,994</u>	<u>\$44,299,836</u>	-1.63%

Long-term Liabilities

At year-end, the District had \$8,750,000 in general obligation bonds outstanding – a reduction of \$1,135,000 from last year – as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 7 to the Basic Financial Statements.)

**Figure A-9
Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	2015/16	2016/17	
Serial Bonds Payable	\$ 9,885,000	\$ 8,750,000	-11.48%
Unamortized Bond Premium	528,955	462,836	-12.50%
Capital Leases Payable	1,690,346	1,782,930	5.48%
Net Pension Liability	15,993,364	21,263,569	32.95%
Compensated Absences Payable	1,399,102	1,410,728	0.83%
	<u>\$ 29,496,767</u>	<u>\$ 33,670,063</u>	14.15%

- The District continued to pay down its debt, retiring \$1,135,000 of outstanding bonds.
- The District continued to pay down its existing leases, retiring \$768,750 of outstanding capital leases.
- The District entered into capital leases for buses and technology equipment of \$861,334.
- The District had an increase in its net pension liability of \$5,270,205.

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

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 79,671		\$ 79,671
Cash with Fiscal Agents	2,095		2,095
Receivables from State Government	1,629,133	\$ 330	1,629,463
Receivables from Other Governments		4,932	4,932
Other Receivables	119,911	14,110	134,021
Internal Balances	140,060	(140,060)	
Inventory		7,070	7,070
Restricted Cash and Cash Equivalents	1,340,311		1,340,311
Capital Assets, Net of Accumulated Depreciation:			
Sites (Land) and Construction in Progress	1,024,701		1,024,701
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	43,214,493	60,642	43,275,135
Total Assets	<u>47,550,375</u>	<u>(52,976)</u>	<u>47,497,399</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	634,447		634,447
Changes in Assumptions - Pensions	4,404,676		4,404,676
Difference Between Expected and Actual Experience - Pension	395,438		395,438
Changes in Proportion - Pension	138,172		138,172
Investment Gains - Pensions	810,799		810,799
District Contribution Subsequent to the Measurement Date - Pensions	548,000		548,000
Total Deferred Outflows of Resources	<u>6,931,532</u>		<u>6,931,532</u>
LIABILITIES			
Accounts Payable	824,077		824,077
Unearned Revenue	79,671	20,638	100,309
Long-Term Liabilities:			
Due Within One Year	1,927,681		1,927,681
Due Beyond One Year	31,742,382		31,742,382
Total Liabilities	<u>34,573,811</u>	<u>20,638</u>	<u>34,594,449</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in Proportions - Pensions	77,833		77,833
Total Deferred Inflows of Resources	<u>77,833</u>		<u>77,833</u>
NET POSITION			
Net Investment in Capital Assets	33,877,875	60,642	33,938,517
Restricted for:			
Capital Projects	1,440,224		1,440,224
Unrestricted/(Deficit)	(15,487,836)	(134,256)	(15,622,092)
Total Net Position	<u>\$ 19,830,263</u>	<u>\$ (73,614)</u>	<u>\$ 19,756,649</u>

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

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

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 21,550,075		\$ 12,306,311	\$ 9,243,764		\$ 9,243,764
Special Education	10,093,387		5,552,201	4,541,186		4,541,186
Other Special Instruction	2,391,859		630,834	1,761,025		1,761,025
School Sponsored/Other Instruction	177,474		108,123	69,351		69,351
Support Services:						
Tuition	1,450,741		25,763	1,424,978		1,424,978
Student & Instruction Related Services	9,544,258		2,285,957	7,258,301		7,258,301
General Administrative Services	877,703		178,527	699,176		699,176
School Administrative Services	1,965,221		676,081	1,289,140		1,289,140
Central Services	900,989		247,269	653,720		653,720
Administrative Information Technology	1,425			1,425		1,425
Plant Operations and Maintenance	4,826,969		878,248	3,948,721		3,948,721
Pupil Transportation	5,186,198	\$ 1,420,193	299,664	3,466,341		3,466,341
Interest on Long-Term Debt	358,366			358,366		358,366
Transfer to Charter School	47,088			47,088		47,088
Capital Outlay	258,683			258,683		258,683
Total Governmental Activities	59,630,436	1,420,193	23,188,978	35,021,265	\$ -0-	35,021,265
Business-Type Activities:						
Food Service	550,979	443,317	95,050		(12,612)	(12,612)
Total Business-Type Activities	550,979	443,317	95,050		(12,612)	(12,612)
Total Primary Government	\$ 60,181,415	\$ 1,863,510	\$ 23,284,028	\$ 35,021,265	\$ (12,612)	\$ 35,008,653

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 32,451,543		\$ 32,451,543
Taxes Levied for Debt Service	1,468,850		1,468,850
Federal and State Aid not Restricted	92,876		92,876
Miscellaneous Income	181,885		181,885
Total General Revenue	34,195,154		34,195,154
Change in Net Position	(826,111)	\$ (12,612)	(838,723)
Net Position/(Deficit) - Beginning	20,656,374	(61,002)	20,595,372
Net Position/(Deficit) - Ending	\$ 19,830,263	\$ (73,614)	\$ 19,756,649

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

FUND FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 602,245	\$ 79,671		\$ 79,671
Receivables From State Government			\$ 1,026,888	1,629,133
Interfund Receivable	1,087,146			1,087,146
Other Receivables	877			877
Restricted Cash and Cash Equivalents	1,340,311			1,340,311
Total Assets	\$ 3,030,579	\$ 79,671	\$ 1,026,888	\$ 4,137,138
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable - Vendors	\$ 247,611			\$ 247,611
Interfund Payable			\$ 648,882	648,882
Unearned Revenue		\$ 79,671		79,671
Total Liabilities	247,611	79,671	648,882	976,164
Fund Balances:				
Restricted for:				
Capital Reserve Account	1,340,311			1,340,311
Capital Projects			99,913	99,913
Committed:				
Capital Projects			278,093	278,093
Assigned:				
Subsequent Year's Expenditures	880,000			880,000
Year-end Encumbrances	339,550			339,550
Unassigned	223,107			223,107
Total Fund Balances	2,782,968		378,006	3,160,974
Total Liabilities and Fund Balances	\$ 3,030,579	\$ 79,671	\$ 1,026,888	\$ 4,137,138

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

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$67,547,162 and the accumulated depreciation is \$23,307,968.	\$ 44,239,194
Internal service funds are used by management to charge the costs of transportation and health benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.	(205,541)
The deferred amount on the refunding is reported as an expenditure in the Governmental Funds in the year of expenditure.	634,447
Premium on Bond Issuance is reported as an expenditure in the Governmental Funds. The amount is \$925,671 and the amortization is \$462,834.	(462,836)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(21,263,569)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Changes in Assumptions - Pensions	4,404,676
Difference Between Expected and Actual Experience - Pensions	395,438
Changes in Proportions - Pensions	138,172
Investment Gains - Pensions	810,799
Changes in Proportions - Pensions	(77,833)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(11,943,658)</u>
Net Position of Governmental Activities	<u>\$ 19,830,263</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 32,451,543			\$ 1,468,850	\$ 33,920,393
Miscellaneous	207,648	\$ 47,381			255,029
Total - Local Sources	32,659,191	47,381		1,468,850	34,175,422
State Sources	13,514,427		\$ 92,876		13,607,303
Federal Sources		620,572			620,572
Total Revenue	46,173,618	667,953	92,876	1,468,850	48,403,297

EXPENDITURES:

Current:					
Regular Instruction	12,148,944	96,638			12,245,582
Special Education Instruction	5,291,736	26,159			5,317,895
Other Special Instruction	1,356,397				1,356,397
Support Services and Undistributed Costs:					
Tuition	945,692	505,049			1,450,741
Student & Instruction Related Services	5,091,013	40,107			5,131,120
General Administrative Services	553,740				553,740
School Administrative Services	1,242,488				1,242,488
Central Services	495,118				495,118
Administrative Information Technology	1,425				1,425
Plant Operations and Maintenance	3,235,608				3,235,608
Pupil Transportation	3,017,810				3,017,810
Unallocated Benefits	12,414,982				12,414,982
Debt Service:					
Principal				1,135,000	1,135,000
Interest and Other Charges				333,850	333,850

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Transfer to Charter School	\$ 47,088				\$ 47,088
Capital Outlay	434,043				434,043
Total Expenditures	<u>46,276,084</u>	<u>\$ 667,953</u>		<u>\$ 1,468,850</u>	<u>48,412,887</u>
Excess/(Deficiency) of Revenue over Expenditures	<u>(102,466)</u>		<u>\$ 92,876</u>		<u>(9,590)</u>
OTHER FINANCING SOURCES/(USES):					
Capital Leases (Non-budgeted)	392,495				392,495
Total Other Financing Sources/(Uses)	<u>392,495</u>				<u>392,495</u>
Net Change in Fund Balances	290,029		92,876		382,905
Fund Balance—July 1	<u>2,492,939</u>		<u>285,130</u>		<u>2,778,069</u>
Fund Balance—June 30	<u>\$ 2,782,968</u>	<u>\$ -0-</u>	<u>\$ 378,006</u>	<u>\$ -0-</u>	<u>\$ 3,160,974</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 382,905
Total Net Change in Fund Balances - Internal Service Funds prior to depreciation expense (from B-5)	293,939

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation in the period.

Depreciation expense	\$ (1,546,287)
Capital Outlays	<u>833,921</u>
	(712,366)

In the Statement of Activities, the inclusion of internal service fund activity results in the elimination of certain transactions/operations that are not reflected in the governmental financial statements. (407,129)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (11,626)

The governmental funds report the effect of the deferred amount on the refunding of debt when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (-) (90,635)

The governmental funds report the effect of bond premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (+) 66,120

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

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

Change in Net Pension Liability	\$ (5,270,205)
Deferred Outflows:	
Changes in Assumptions	2,687,116
Difference between Expected and Actual Experience	13,893
Changes in Proportions	76,281
Net difference between projected and actual investment earnings on pension plan investments	1,067,942
Deferred Inflows:	
Changes in Proportion	22,626

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

General Fund	\$ (392,495)
Internal Service Fund	<u>(468,839)</u>
	(861,334)

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

Change in Net Position of Governmental Activities (Exhibit A-2)	<u>1,903,750</u>
	<u>\$ (838,723)</u>

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

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

	Business-type Activities - Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
<u>ASSETS:</u>		
Current Assets:		
Cash		\$ 2,095
Accounts Receivable:		
State	\$ 330	
Federal	4,932	
Other Receivables	14,110	119,034
Inventories	7,070	
	26,442	121,129
Total Current Assets		
Non-Current Assets:		
Capital Assets	384,726	5,322,371
Less: Accumulated Depreciation	(324,084)	(2,604,073)
	60,642	2,718,298
Total Non-Current Assets		
Total Assets	87,084	2,839,427
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable - Vendors		28,466
Interfund Payable - General Fund	140,060	298,204
Unearned Revenue	20,638	
	160,698	326,670
Total Current Liabilities		
Long Term Liabilities:		
Capital Leases Payable:		
Due Within One Year		380,844
Due Beyond One Year		942,526
		1,323,370
Total Long-Term Liabilities		
Total Liabilities	160,698	1,650,040
<u>NET POSITION:</u>		
Net Investment in Capital Assets	60,642	1,394,928
Unrestricted/(Deficit)	(134,256)	(205,541)
Total Net Position/(Deficit)	\$ (73,614)	\$ 1,189,387

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

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

	Business-type Activities - Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
Operating Revenue:		
Local Sources:		
Daily Sales - Reimbursable Programs:		
School Lunch Program	\$ 254,787	
Daily Sales - Non-Reimbursable Programs	188,530	
Charges and Fees		\$ 4,038,145
Total Operating Revenue	443,317	4,038,145
Operating Expenses:		
Cost of Sales - Reimbursable Programs	122,437	
Cost of Sales - Nonreimbursable Programs	71,824	
Salaries, Benefits and Payroll Taxes	222,669	3,109,238
Professional and Technical Services	91,145	113,788
Supplies and Repairs	23,112	20,222
Depreciation Expense	19,792	432,383
Maintenance		474,739
Total Operating Expenses	550,979	4,150,370
Operating Loss	(107,662)	(112,225)
Non-Operating Revenue/(Expense):		
State Sources:		
State School Lunch Program	3,832	
Federal Sources:		
National School Lunch Program	58,186	
Food Distribution Program	33,032	
Interest Expense on Capital Leases		(26,219)
Total Non-Operating Revenue/(Expense)	95,050	(26,219)
Change in Net Position	(12,612)	(138,444)
Net Position/(Deficit) - Beginning of Year	(61,002)	1,327,831
Net Position/(Deficit) - End of Year	\$ (73,614)	\$ 1,189,387

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

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

	Business-type Activities - Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 439,570	\$ 3,995,298
Payments to Food Service Vendor	(492,094)	
Payments to Suppliers	(8,284)	(3,574,563)
Net Cash Provided by/(Used) for Operating Activities	(60,808)	420,735
Cash Flows from Capital Financing Activities:		
Capital Assets Purchases		(12,766)
Interest on Capital Leases		(26,219)
Capital Lease Payments		(381,750)
Net Cash (Used for) Capital Financing Activities		(420,735)
Cash Flows from Noncapital Financing Activities:		
Cash Received from Federal and State Sources	60,808	
Net Cash Provided by Noncapital Financing Activities	60,808	
Net (Decrease) in Cash and Cash Equivalents	-0-	-0-
Cash and Cash Equivalents, July 1	-0-	2,095
Cash and Cash Equivalents, June 30	\$ -0-	\$ 2,095
Reconciliation of Operating Loss to Net Cash Provided by/(Used) (for) Operating Activities:		
Operating Loss	\$ (108,821)	\$ (112,225)
Adjustment to Reconcile Operating Loss to Net Cash Provided by/(Used) for Operating Activities:		
Depreciation	19,792	432,383
Federal Food Distribution Program	34,191	
Changes in Assets and Liabilities:		
Decrease in Inventory	6,294	
(Increase)/Decrease in Accounts Receivable	3,705	(42,847)
Increase in Interfund Receivable	80,000	
(Decrease) in Accounts Payable	(40,330)	(34,870)
(Decrease) in Unearned Revenue	(4,089)	
Increase/(Decrease) in Interfund Payable	(51,550)	178,294
Net Cash Provided by/(Used) for Operating Activities	\$ (60,808)	\$ 420,735

Non-Cash Investing, Capital and Financing Activities:

The Food Service Fund received USDA donated commodities valued at \$32,690 and used \$33,032 commodities valued at during the fiscal year.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency Funds</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 266,413	\$ 6,928	\$ 644,765
Interfund Receivable			14,005
Total Assets	<u>266,413</u>	<u>6,928</u>	<u>658,770</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	218,810		
Interfund Payable	14,005		
Due to Student Groups	<u>33,598</u>		
Total Liabilities	<u>266,413</u>		
<u>NET POSITION:</u>			
Held in Trust for:			
Unemployment Claims			658,770
Flexible Spending Claims		<u>6,928</u>	
Total Net Position	<u>\$ -0-</u>	<u>\$ 6,928</u>	<u>\$ 658,770</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 60,705	\$ 43,449
	<u>60,705</u>	<u>43,449</u>
Total Additions		
DEDUCTIONS:		
Flexible Spending Claims	56,478	
Unemployment Compensation Claims		53,831
	<u>56,478</u>	<u>53,831</u>
Total Deductions		
Change in Net Position	4,227	(10,382)
Net Position - Beginning of the Year	<u>2,701</u>	<u>669,152</u>
Net Position - End of the Year	<u>\$ 6,928</u>	<u>\$ 658,770</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

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

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. These grants are recognized on the budgetary basis in full at the time of the award but are recognized on the GAAP basis as they are expended and requested for reimbursement.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 46,174,531	\$ 667,953
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	794,199	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(795,112)	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 46,173,618	\$ 667,953

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the		
Differences - Budget to GAAP		
Budgetary Comparison Schedule	\$ 46,276,084	\$ 667,953
Total Expenditures as Reported on the Statement of Revenue,		
Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 46,276,084	\$ 667,953
		Capital Projects Fund
Fund Balance - Budgetary Basis		\$ 386,479
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable not Recognized on GAAP Basis		(8,473)
Fund Balance per Governmental Funds (GAAP)		\$ 378,006

E. Cash and Cash Equivalents, and Investments:

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

K. Capital Assets:

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

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

	Estimated Useful Life
Buildings and Building Improvements	40 years
Site Improvements	20 years
Machinery, Furniture and Equipment	10 to 15 years

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2017.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

N. Compensated Absences:

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

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

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

O. Net unearned revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$2,782,968 General Fund fund balance at June 30, 2017, \$339,550 is assigned for encumbrances, \$1,340,311 is restricted in the capital reserve account; \$880,000 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018; and \$223,107 is unassigned, which is \$795,112 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2018.

Capital Projects Fund: Of the \$378,006 Capital Projects Fund fund balance at June 30, 2017 \$99,913 is restricted and \$278,093 is committed, which is \$8,473 less on a GAAP basis, due to the SDA Grants not being realized until expenditures are submitted for reimbursement.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2017.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$795,112 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position

The District has a deficit in unrestricted and total net position in the food service fund, business type activities. This was mostly the result of the deficit in operations in the prior year of \$61,002 offset by expenses exceeding revenues by \$12,612 in the current year. The District has negotiated a contract with its Food Service Management Company which guarantees a profit for future contract years which will offset the deficit in net position over time.

The District also has a deficit in unrestricted net position in the internal service transportation fund. This was the mostly the result of operating expenses exceeding operating revenues by \$138,444. The District is reviewing the transportation fund to ensure that further deficits do not occur in the future.

The District has a deficit in unrestricted net position of \$15,487,836 in governmental activities, which is primarily due to the net pension liability and deferred inflows and outflows related to pensions.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2017 for the changes in proportion in pension, changes in experience and District contribution subsequent to the measurement date, and the net difference in investment earnings on pension plan investments, and the District had deferred outflows of resources at June 30, 2017 for the changes in assumptions in pensions and the deferred amount on the refunding of school bonds.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

R. Net Position (Cont'd)

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources at June 30, 2017 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2017.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Investments: (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 997,777	\$ 1,340,311	\$ 2,338,088
Escrow Accounts	2,095		2,095
	\$ 999,872	\$ 1,340,311	\$ 2,340,183

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of cash and cash equivalents at June 30, 2017 for governmental activities consisted of \$724,467 of cash, restricted cash of \$1,340,311 and a cash deficit of \$644,796. The carrying amount of cash and cash equivalents in the fiduciary funds at June 30, 2017 was \$918,106. The bank balance was \$2,579,113.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 1,140,311
Plus: Board Resolution	<u>200,000</u>
Ending Balance, June 30, 2017	<u><u>\$ 1,340,311</u></u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects at June 30, 2017 is equal to or greater than \$1,340,311.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2017, the District transferred \$11,979 to the capital outlay accounts for purchases of equipment, which did not required County Superintendent approval.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 6: CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	Beginning Balance	Increases	Adjustments/ Deletions	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,024,701			\$ 1,024,701
Construction in Progress	6,782,614	\$ (6,782,614)		
Total Capital Assets Not Being Depreciated	7,807,315	(6,782,614)		1,024,701
Capital Assets Being Depreciated:				
Site Improvements	1,719,020			1,719,020
Buildings and Building Improvements	51,353,737	6,273,674		57,627,411
Machinery and Equipment	6,251,126	924,904		7,176,030
Total Capital Assets Being Depreciated	59,323,883	7,198,578		66,522,461
Governmental Activities Capital Assets	67,131,198	415,964		67,547,162
Less Accumulated Depreciation for:				
Site Improvements	(1,749,538)		\$ 30,518	(1,719,020)
Buildings and Building Improvements	(14,646,744)	(1,373,029)	(1,306,669)	(17,326,442)
Machinery and Equipment	(5,783,356)	(173,258)	1,694,108	(4,262,506)
	(22,179,638)	(1,546,287)	417,957	(23,307,968)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 44,951,560	\$ (1,130,323)	\$ 417,957	\$ 44,239,194
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 438,187		\$ (53,461)	\$ 384,726
Less: Accumulated Depreciation	(357,753)	\$ (14,521)	48,190	(324,084)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 80,434	\$ (14,521)	\$ (5,271)	\$ 60,642

The District transferred \$6,782,614 of completed capital projects to depreciable capital assets during the fiscal year.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 119,837
Student and Instruction Related Services	726,755
Operations and Maintenance of Plant	108,240
General Administration	30,926
Transportation	560,529
	\$ 1,546,287

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	Balance 6/30/2016	Accrued	Retired	Balance 6/30/2017
Serial Bonds Payable	\$ 9,885,000		\$ 1,135,000	\$ 8,750,000
Compensated Absences Payable	1,399,102	\$ 60,652	49,026	1,410,728
Unamortized Bond Issuance Premium	528,955		66,119	462,836
Net Pension Liability	15,993,364	5,270,205		21,263,569
Capital Leases Payable	1,690,346	861,334	768,750	1,782,930
	<u>\$29,496,767</u>	<u>\$ 6,192,191</u>	<u>\$2,018,895</u>	<u>\$ 33,670,063</u>

The District has entered into capital leases totaling \$2,864,574 for machinery and equipment of which \$1,081,644 has been liquidated as of June 30, 2017. In 2003, the District issued bonds for the construction of a new school and renovations to the other district schools in the amount of \$19,100,300. These bonds were refunded in 2010.

A. Unamortized Bond Premium:

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$66,119 and is separated from the long-term liability balance of \$396,717.

B. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2017 as follows:

Purpose	Final Maturity Date	Interest Rate	Amount
Refunding of 2003 Bonds	7/15/2024	3.00% - 4.00%	\$ 8,750,000

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Bonds Payable: (Cont'd)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,170,000	\$ 287,750	\$ 1,457,750
2019	1,205,000	240,250	1,445,250
2020	1,240,000	191,350	1,431,350
2021	1,250,000	141,550	1,391,550
2022	1,320,000	96,750	1,416,750
2023 -2024	2,565,000	74,925	2,639,925
	<u>\$ 8,750,000</u>	<u>\$ 1,032,575</u>	<u>\$ 9,782,575</u>

C. Bonds Authorized But Not Issued

As of June 30, 2017, the Board does not have bonds authorized but not issued.

D. Capital Leases Payable:

As of June 30, 2017, the Board had capital leases payable for the acquisition of buses with a total asset value of \$1,925,203 and accumulated depreciation of \$2,604,073. Depreciation of assets under capital leases is included as depreciation expense. The capital lease terms are for five years for buses. As of June 30, 2017, the District also had capital leases for the purchase of technology equipment. The amount of the leases for the technology equipment is \$878,687 and the capital lease terms are for three years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2017.

<u>Year</u>	<u>Amount</u>
2018	\$ 668,746
2019	504,566
2020	360,081
2021	262,630
2022	49,163
	<u>1,845,186</u>
Less: Amount representing interest	<u>(62,256)</u>
Present value of net minimum lease payments	<u>\$ 1,782,930</u>

The current portion of Capital Leases payable at June 30, 2017 is \$668,746 and the long-term portion is \$1,114,184. Capital leases will be liquidated through the general and internal service funds.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$28,519 and is separated from the long-term liability balance of compensated absences of \$1,382,209. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, no liability existed for compensated absences in the Food Service Fund.

Compensated absences will be liquidated from the General Fund.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$21,263,569. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 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. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$525,216 for fiscal year 2017.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the District reported a liability of \$21,263,569 for its proportionate share of the net pension liability. 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.072%, which was an increase of 0.0005% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$637,815. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 267,288	
	2015	5.72	1,092,195	
	2016	5.57	3,045,193	
			<u>4,404,676</u>	
Changes in Proportion	2014	6.44		\$ 77,833
	2015	5.72	48,777	
	2016	5.57	89,395	
			<u>138,172</u>	<u>77,833</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(400,534)	
	2015	5.00	256,259	
	2016	5.00	955,074	
			<u>810,799</u>	
Difference Between Expected and Actual Experience	2015	5.72	303,025	
	2016	5.57	92,413	
			<u>395,438</u>	
District Contribution Subsequent to the Measurement Date	2016	1.00	548,000	
			<u>\$ 6,297,085</u>	<u>\$ 77,833</u>

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

Fiscal Year Ending June 30,	Total
2017	\$ 1,263,246
2018	1,263,246
2019	1,463,513
2020	1,229,565
2021	391,343
	<u>\$ 5,610,913</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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:

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 Pre-retirement Mortality Table for male and female active participants. 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 rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on 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 scale. 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 one 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.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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 PERS' target asset allocation as of June 30, 2016 are summarized in the table on the following page.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	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. This single blended discount rate was based on the 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 municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. 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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 26,056,022	\$ 21,263,569	\$ 17,306,983

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$1,884,230 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$10,607,712.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$141,179,987. 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.116%, which was an increase of 0.00004% from its proportion measured as of June 30, 2015.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>141,179,987</u>
Total	\$	<u><u>141,179,987</u></u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$10,607,712 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	9,522,623,964	
			<u>15,702,750,875</u>	
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3		118,421,979
			<u>277,221,464</u>	<u>134,532,594</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(870,618,286)	
	2015	5	577,926,182	
	2016	5	1,727,420,767	
			<u>1,434,728,663</u>	
		<u>\$ 17,414,701,002</u>	<u>\$ 134,532,594</u>	

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

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 a generational basis based on a 60 years 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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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%
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%

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the 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 municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 168,600,454	\$ 141,179,987	\$ 118,787,636

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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

For DCRP, the District recognized pension expense of \$39,857 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$73,071 for the year ended June 30, 2017.

NOTE 9. POST-RETIREMENT BENEFITS

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

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$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 Pension 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/financial2015combined.pdf>.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$1,626,877, \$1,710,929 and \$1,527,597, for 2017, 2016 and 2015, respectively.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has not experienced any insurance settlements that have exceeded coverage for any of the previous three fiscal years. The District maintains commercial coverage for property, liability, student accident, and surety bonds. The District has maintained consistent coverage in these areas from the prior year. 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 BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability

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

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

The 2017 financial information for the group was not available as of the release of this audit. Selected summarized financial information for the Group as of June 30, 2016 is as follows:

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

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

Group:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -0-	\$ -0-	\$ 43,449	\$ 53,831	\$ 658,770
2015-2016	-0-	-0-	43,817	31,421	669,152
2014-2015	-0-	-0-	44,341	10,840	656,756

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. INTERFUNDS PAYABLES, RECEIVABLES, AND TRANSFERS

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,087,146	
Capital Projects Fund		\$ 648,882
Enterprise Fund		140,060
Internal Service Fund		298,204
Payroll Agency Fund		14,005
Unemployment Trust Fund	14,005	
	<u>\$ 1,101,151</u>	<u>\$ 1,101,151</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 13. DEFERRED COMPENSATION

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

VALIC Equitable Financial Companies	Fidelity Investments Lincoln Investment Planning
--	---

NOTE 14. TAX CALENDAR

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

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

NOTE 15. CONTINGENT LIABILITY

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2017, there were encumbrances as detailed below in the governmental funds.

	General Fund	Total Governmental Funds
Vendors	\$ 339,550	\$ 339,550

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 15. CONTINGENT LIABILITY (Cont'd)

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its \$19,100,300 School Bonds dated July 15, 2003. The amount of the liability at June 30, 2017, if any, is unknown.

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2017 were as follows:

	General Fund	District Contri- bution Subsequent to the Measure- ment Date	Internal Service Fund	Total Governmental Activities
Vendors	\$ 247,611		\$ 28,466	\$ 276,077
State of New Jersey		\$ 548,000		548,000
	\$ 247,611	\$ 548,000	\$ 28,466	\$ 824,077

NOTE 17. OTHER ACCOUNTS RECEIVABLE

Other accounts receivable as of June 30, 2017 were as follows:

	General Fund	Internal Service Fund	Total Governmental Activities
Miscellaneous	\$ 877		\$ 877
Transportation Services		\$ 119,034	119,034
	\$ 877	\$ 119,034	\$ 119,911

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0708566496%	0.0712462883%	0.0717948283%
District's proportionate share of the net pension liability	\$ 13,266,303	\$ 15,993,364	\$ 21,263,569
District's covered employee payroll	\$ 4,881,865	\$ 4,735,500	\$ 4,653,741
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	271.75%	337.73%	456.91%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	47.93%

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

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

	<u>Fiscal Year Ending June 30,</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 477,117	\$ 504,167	\$ 637,815
Contributions in relation to the contractually required contribution	<u>(477,117)</u>	<u>(504,167)</u>	<u>(637,815)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 4,881,865	\$ 4,881,865	\$ 4,735,500
Contributions as a percentage of covered employee payroll	9.77%	10.33%	13.47%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.1817998159%	0.1779875795%	0.1794668226%
State's proportionate share of the net pension liability attributable to the District	\$ 97,166,085	\$ 112,495,751	\$ 141,179,987
District's covered employee payroll	\$ 18,101,307	\$ 17,501,370	\$ 18,141,947
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	536.79%	642.78%	778.20%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 5,228,448	\$ 6,868,878	\$ 10,607,712
Contributions in relation to the contractually required contribution	<u>(926,266)</u>	<u>(1,436,881)</u>	<u>(1,952,500)</u>
Contribution deficiency/(excess)	<u>\$ 4,302,182</u>	<u>\$ 5,431,997</u>	<u>\$ 8,655,212</u>
District's covered employee payroll	\$ 18,101,307	\$ 17,501,370	\$ 18,141,947
Contributions as a percentage of covered employee payroll	5.12%	8.21%	10.76%

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. 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 rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on 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 scale. 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 one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

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

BUDGETARY COMPARISON SCHEDULES

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 32,451,543		\$ 32,451,543	\$ 32,451,543	\$ 25,763
Tuition	100		100	100	
Interest on Investments - Capital Reserve					
Interest on Investments	5,900		5,900	19,063	13,163
Miscellaneous	145,000		145,000	162,722	17,722
Total - Local Sources	32,602,543		32,602,543	32,659,191	56,648
State Sources:					
Categorical Special Education Aid	1,591,751		1,591,751	1,591,751	
Categorical Transportation Aid	288,960		288,960	288,960	
Equalization Aid	5,580,975		5,580,975	5,580,975	
Categorical Security Aid	176,840		176,840	176,840	
Additional Adjustment Aid	359,036		359,036	359,036	
Per Pupil Growth Aid	22,680		22,680	22,680	
PARCC Readiness Aid	22,680		22,680	22,680	
Professional Learning Community Aid	21,280		21,280	21,280	
Extraordinary Aid				519,642	519,642
NonPublic Transportation Aid				10,662	10,662
Homeless Tuition Reimbursement				5,287	5,287
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				68,270	68,270
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,884,230	1,884,230
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,626,877	1,626,877
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				3,452	3,452
TPAF Social Security (Reimbursed - Non-Budgeted)				1,332,718	1,332,718
Total State Sources	8,064,202		8,064,202	13,515,340	5,451,138
TOTAL REVENUES	40,666,745		40,666,745	46,174,531	5,507,786
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	727,505	\$ (52,643)	674,862	674,862	
Grades 1-5 - Salaries of Teachers	5,432,413	(93,535)	5,338,878	5,338,878	
Grades 6-8 - Salaries of Teachers	4,847,682	(161,967)	4,685,715	4,676,516	9,199

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Home Instruction:					
Salaries of Teachers	\$ 8,000	\$ 6,884	\$ 14,884	\$ 14,884	
Other Purchased Services	14,000		14,000	4,117	\$ 9,883
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	176,499	219	176,718	176,718	
Other Purchased Services (400-500 series)	749,907	64,376	814,283	786,773	27,510
General Supplies	541,835	38,909	580,744	473,267	107,477
Textbooks	26,685	3,395	30,080	2,929	27,151
Total Regular Programs - Undistributed Instruction	1,494,926	106,899	1,601,825	1,439,687	162,138
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	252,624	65,210	317,834	317,320	514
Other Salaries for Instruction	79,989	63,500	143,489	141,280	2,209
General Supplies	6,536		6,536	5,727	809
Total Learning and/or Language Disabilities	339,149	128,710	467,859	464,327	3,532
Behavioral Disabilities:					
Salaries of Teachers	133,090	(10,000)	123,090	120,763	2,327
Other Salaries for Instruction	25,404	17,000	42,404	41,188	1,216
General Supplies	141		141	141	
Total Behavioral Disabilities	158,635	7,000	165,635	162,092	3,543
Resource Room/Resource Center:					
Salaries of Teachers	3,325,926	(56,961)	3,268,965	3,253,157	15,808
Other Salaries for Instruction	1,059,301	(134,534)	924,767	924,767	
General Supplies	19,747		19,747	18,726	1,021
Total Resource Room/Resource Center	4,404,974	(191,495)	4,213,479	4,196,650	16,829

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Preschool Handicapped - Part-time:					
Salaries of Teachers	\$ 399,935	\$ (4,500)	\$ 395,435	\$ 390,249	\$ 5,186
Other Salaries for Instruction	85,904	(15,000)	70,904	68,476	2,428
General Supplies	9,310	3,000	12,310	9,942	2,368
Total Preschool Handicapped - Part-time	495,149	(16,500)	478,649	468,667	9,982
Total Special Education Instruction	5,397,907	(72,285)	5,325,622	5,291,736	33,886
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	903,855	80,923	984,778	983,416	1,362
General Supplies	6,505		6,505	5,865	640
Total Basic Skills/Remedial - Instruction	910,360	80,923	991,283	989,281	2,002
Bilingual Education - Instruction:					
Salaries of Teachers	144,035	13,369	157,404	156,496	908
General Supplies	1,422	14	1,436	1,221	215
Total Bilingual Education - Instruction	145,457	13,383	158,840	157,717	1,123
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	140,000	14,807	154,807	154,807	
Purchased Services	2,620		2,620	1,260	1,360
Supplies and Materials	2,257		2,257	1,813	444
Total School-Sponsored Cocurricular Activities - Instruction	144,877	14,807	159,684	157,880	1,804

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 63,400	\$ (9,541)	\$ 53,859	\$ 40,570	\$ 13,289
Other Purchased Services	11,375		11,375	5,917	5,458
Supplies and Materials	5,633		5,633	5,032	601
Total School-Sponsored Cocurricular Athletics - Instruction	80,408	(9,541)	70,867	51,519	19,348
Total Instruction	1,281,102	99,572	1,380,674	1,356,397	24,277
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	113,140	109,668	222,808	222,808	
Tuition to Private Schools for the Handicapped - Within State	825,965	(92,095)	733,870	722,884	10,986
Total Undistributed Expenditures - Instruction	939,105	17,573	956,678	945,692	10,986
Attendance & Social Work Services:					
Salaries	4,905		4,905	4,776	129
Total Attendance & Social Work Services	4,905		4,905	4,776	129
Health Services:					
Salaries	528,030	(5,000)	523,030	519,919	3,111
Purchased Professional and Technical Services	6,000		6,000	4,908	1,092
Other Purchased Services	1,300		1,300	1,056	244
Supplies and Materials	18,558	(358)	18,200	15,521	2,679
Total Health Services	553,888	(5,358)	548,530	541,404	7,126

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	\$ 722,891	\$ 47,737	\$ 770,628	\$ 768,176	\$ 2,452
Purchased Professional - Educational Services	567,013	175,000	742,013	721,695	20,318
Supplies and Materials	7,180		7,180	6,748	432
Total Speech, OT, PT and Related Services	1,297,084	222,737	1,519,821	1,496,619	23,202
Other Support Services - Students - Extraordinary Services:					
Salaries	301,012	128,016	429,028	429,028	
Purchased Professional - Educational Services	130,204	(27,144)	103,060	103,060	
Total Other Support Services - Students - Extraordinary Services	431,216	100,872	532,088	532,088	
Guidance:					
Salaries of Other Professional Staff	415,303	2,429	417,732	414,221	3,511
Salaries of Secretarial and Clerical Assistants	122,163		122,163	120,937	1,226
Supplies and Materials	4,387		4,387	3,451	936
Total Guidance	541,853	2,429	544,282	538,609	5,673
Child Study Team:					
Salaries of Other Professional Staff	1,140,184	(23,017)	1,117,167	1,117,167	
Salaries of Secretarial and Clerical Assistants	102,803	2,569	105,372	105,372	
Other Purchased Professional and Technical Services	29,415	19,000	48,415	40,651	7,764
Miscellaneous Purchased Services	3,434		3,434	879	2,555
Supplies and Materials	24,532	(2,426)	22,106	21,405	701
Other Objects	500		500		500
Total Child Study Team	1,300,868	(3,874)	1,296,994	1,285,474	11,520

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 170,246	\$ 3,000	\$ 173,246	\$ 171,951	\$ 1,295
Salaries of Other Professional Staff	58,725	(35,610)	23,115	23,115	
Salaries of Secretarial and Clerical Assistants	46,994	1	46,995	46,994	1
Total Improvement of Instructional Services	275,965	(32,609)	243,356	242,060	1,296
Educational Media Services/School Library:					
Salaries	363,813	(25,710)	338,103	336,578	1,525
Other Purchased Services	30,759		30,759	29,530	1,229
Supplies and Materials	44,101	(3,037)	41,064	36,979	4,085
Total Educational Media Services/School Library	438,673	(28,747)	409,926	403,087	6,839
Instructional Staff Training Services:					
Other Purchased Services	69,800		69,800	46,896	22,904
Total Instructional Staff Training Services	69,800		69,800	46,896	22,904
Support Services - General Administration:					
Salaries	319,409	4,000	323,409	322,597	812
Legal Services	50,000	(4,000)	46,000	29,117	16,883
Audit Fees	50,000		50,000	43,750	6,250
Other Purchased Professional Services	2,600		2,600	2,445	155
Communications/Telephone	47,040		47,040	25,819	21,221
Other Purchased Services	108,340		108,340	96,082	12,258
General Supplies	6,620		6,620	4,404	2,216
BOE Meeting Supplies	1,700		1,700	858	842
Miscellaneous Expenditures	11,491		11,491	9,388	2,103
Board of Education Membership Dues and Fees	20,000		20,000	19,280	720
Total Support Services - General Administration	617,200		617,200	553,740	63,460

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 751,665	\$ 5,300	\$ 756,965	\$ 756,877	\$ 88
Salaries of Secretarial and Clerical Assistants	477,214		477,214	464,795	12,419
Other Purchased Services	5,250		5,250	4,781	469
Supplies and Materials	7,072	950	8,022	7,025	997
Other Objects	9,150		9,150	9,010	140
Total Support Services - School Administration	1,250,351	6,250	1,256,601	1,242,488	14,113
Central Services:					
Salaries	445,888	2,000	447,888	446,812	1,076
Other Purchased Professional Services	38,741	8,050	46,791	42,930	3,861
Supplies and Materials	5,309	(35)	5,274	3,332	1,942
Miscellaneous Expenses	2,009	35	2,044	2,044	
Total Central Services	491,947	10,050	501,997	495,118	6,879
Administrative Information Technology:					
Purchased Technical Services	1,560		1,560	241	1,319
Supplies and Materials	6,300		6,300	1,184	5,116
Total Administrative Information Technology	7,860		7,860	1,425	6,435
Required Maintenance of School Facilities:					
Salaries	112,618		112,618	110,618	2,000
Lead Testing of Drinking Water		10,795	10,795	10,795	
Cleaning, Repair and Maintenance Services	337,540	271,931	609,471	417,556	191,915
General Supplies	101,500	(29,915)	71,585	71,585	
Total Required Maintenance of School Facilities	551,658	252,811	804,469	610,554	193,915

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 1,523,535	\$ (29,620)	\$ 1,493,915	\$ 1,444,212	\$ 49,703
Purchased Professional and Technical Services	16,834	2,800	19,634	13,876	5,758
Cleaning, Repairs, and Maintenance Services	136,015	(32,060)	103,955	103,455	500
Other Purchased Services	245,946	5,000	250,946	249,480	1,466
Insurance	126,037		126,037	115,573	10,464
General Supplies	169,090	(35,107)	133,983	133,983	
Energy - Natural Gas	220,000	(40,000)	180,000	171,175	8,825
Energy - Electricity	325,000	33,205	358,205	355,737	2,468
Energy - Oil	10,000	(4,000)	6,000	5,407	593
Total Custodial Services	<u>2,772,457</u>	<u>(99,782)</u>	<u>2,672,675</u>	<u>2,592,898</u>	<u>79,777</u>
Security					
Salaries	32,728	3,772	36,500	32,156	4,344
Total Security	<u>32,728</u>	<u>3,772</u>	<u>36,500</u>	<u>32,156</u>	<u>4,344</u>
Student Transportation Services:					
Contracted Services:					
Between Home and School - Joint Agreements	2,617,952		2,617,952	2,617,952	
Special Education Students CTSA's and ESCs	320,000	45,234	365,234	365,234	
Aid in Lieu Payments - Nonpublic	46,420	(11,074)	35,346	34,624	722
Total Student Transportation Services	<u>2,984,372</u>	<u>34,160</u>	<u>3,018,532</u>	<u>3,017,810</u>	<u>722</u>
Unallocated Benefits:					
Social Security Contributions	515,659	23,260	538,919	538,919	
Other Retirement Contributions - PERS	500,512	24,704	525,216	525,216	
Workmen's Compensation	187,696	1,093	188,789	188,789	
Health Benefits	6,252,436	(153,891)	6,098,545	6,071,660	26,885
Tuition Reimbursements	150,000	(45,800)	104,200	97,852	6,348

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits: (Cont'd)					
Other Employee Benefits	\$ 50,000	\$ 26,999	\$ 76,999	\$ 76,999	
Total Unallocated Benefits	7,656,303	(123,635)	7,532,668	7,499,435	33,233
On-Behalf Contributions:					
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				68,270	(68,270)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,884,230	(1,884,230)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,626,877	(1,626,877)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				3,452	(3,452)
TPAF Social Security (Reimbursed - Non-Budgeted)				1,332,718	(1,332,718)
Total On-Behalf Contributions				4,915,547	(4,915,547)
Total Personal Services - Employee Benefits	7,656,303	(123,635)	7,532,668	12,414,982	(4,882,314)
Total Undistributed Expenses	22,218,233	356,649	22,574,882	26,997,876	(4,422,994)
TOTAL CURRENT EXPENSE	41,421,768	189,574	41,611,342	45,794,953	(4,183,611)
CAPITAL OUTLAY					
Equipment:					
Undistributed:					
Non-Instructional		11,979	11,979		11,979
Total Equipment		11,979	11,979		11,979
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	40,000		40,000		40,000
Other Objects - Debt Service Assessment on SDA Funding	41,548		41,548	41,548	
Total Facilities Acquisition and Construction Services	81,548		81,548	41,548	40,000
Assets Acquired Under Capital Leases (Non-Budgeted):					
Undistributed Instruction - Equipment				392,495	(392,495)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				392,495	(392,495)

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
TOTAL CAPITAL OUTLAY	\$ 81,548	\$ 11,979	\$ 93,527	\$ 434,043	\$ (340,516)
Transfer To Charter School	41,945	5,143	47,088	47,088	
Total Transfer to Charter School	41,945	5,143	47,088	47,088	
TOTAL EXPENDITURES	41,545,261	206,696	41,751,957	46,276,084	(4,524,127)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(878,516)	(206,696)	(1,085,212)	(101,553)	983,659
Other Financing Sources:					
Capital Leases (Non-budgeted)				392,495	392,495
Total Other Financing Sources				392,495	392,495
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(878,516)	(206,696)	(1,085,212)	290,942	1,376,154
Fund Balance, July 1	3,287,138		3,287,138	3,287,138	
Fund Balance, June 30	\$ 2,408,622	\$ (206,696)	\$ 2,201,926	\$ 3,578,080	\$ 1,376,154

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Restricted:					
Capital Reserve				\$ 1,340,311	
Assigned:					
Subsequent Year's Expenditures			880,000		
Year-end Encumbrances			339,550		
Unassigned			1,018,219		
			<u>3,578,080</u>		
Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis			(795,112)		
			<u>\$ 2,782,968</u>		
Fund Balance per Governmental Funds GAAP					

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 622,403	\$ (1,831)	\$ 620,572	\$ 620,572	
Local Sources	47,381		47,381	47,381	
Total Revenues	669,784	(1,831)	667,953	667,953	
EXPENDITURES:					
Instruction					
Salaries	44,734	(7)	44,727	44,727	
Other Purchased Services	502,525	2,524	505,049	505,049	
General Supplies	77,177	893	78,070	78,070	
Total Instruction	624,436	3,410	627,846	627,846	
Support Services					
Personal Service - Employee Benefit	3,423	(74)	3,349	3,349	
Purchased Professional/Technical Services	36,925	(2,899)	34,026	34,026	
Supplies and Materials	5,000	(2,268)	2,732	2,732	
Total Support Services	45,348	(5,241)	40,107	40,107	
Total Expenditures	\$ 669,784	\$ (1,831)	\$ 667,953	\$ 667,953	\$ -0-

WASHINGTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 46,174,531	\$ 667,953
Differences - Budget to GAAP:		
State Aid Payments Recognized for GAAP Statement, not Recognized for Budgetary Purposes	794,199	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(795,112)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 46,173,618	\$ 667,953
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 46,276,084	\$ 667,953
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 46,276,084	\$ 667,953

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	No Child Left Behind		IDEA PART B		Local Grants	Totals June 30, 2017
	Title I	Title II A	Title III	Preschool		
REVENUE:						
Federal Sources	\$ 36,845	\$ 32,187	\$ 8,841	\$ 25,663	\$ 517,036	\$ 620,572
Local Sources						47,381
Total Revenue	36,845	32,187	8,841	25,663	517,036	667,953
EXPENDITURES:						
Instruction:						
Salaries	23,067			21,660		44,727
Other Purchased Services					505,049	505,049
General Supplies	12,013	9,387	4,789	2,419	2,081	78,070
Total Instruction	35,080	9,387	4,789	24,079	507,130	627,846
Support Services:						
Employee Benefits	1,765			1,584		3,349
Purchased Professional/Technical Services		22,800	4,052		7,174	34,026
Supplies and Materials					2,732	2,732
Total Support Services	1,765	22,800	4,052	1,584	9,906	40,107
Total Expenditures	\$ 36,845	\$ 32,187	\$ 8,841	\$ 25,663	\$ 517,036	\$ 667,953

CAPITAL PROJECTS FUND

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

Fund Balance - Beginning of Year	<u>\$ 386,479</u>
Fund Balance - End of Year	<u><u>\$ 386,479</u></u>
Recapitulation:	
Restricted	\$ 99,913
Committed	<u>286,566</u>
Total	386,479
SDA Grant Receivable not Recognized on a GAAP Basis	<u>(8,473)</u>
Fund Balance GAAP Basis	<u><u>\$ 378,006</u></u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CONSTRUCTION OF CUCINELLA SCHOOL AND RENOVATIONS TO OTHER SCHOOLS - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Additional Project Information:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
LONG VALLEY MIDDLE SCHOOL MECHANICAL PROJECT - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:			
Transfer from General Fund - Capital Reserve	\$ 845,900	\$ 845,900	\$ 845,900
Total Revenue and Other Financing Sources	845,900	845,900	845,900
Expenditures:			
Construction Services	816,081	816,081	845,900
Total Expenditures	816,081	816,081	845,900
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 29,819	\$ 29,819	\$ -0-

Additional Project Information:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
OLD FARMERS ROAD SCHOOL MECHANICAL PROJECT - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Additional Project Information:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY PROJECTS - ALL SCHOOLS - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:			
State Sources - SDA Grant	\$ 471,598	\$ 471,598	\$ 471,598
Transfer from General Fund - Capital Reserve	409,398	409,398	409,398
Transfer from General Fund - Capital Outlay	300,000	300,000	300,000
Total Revenue and Other Financing Sources	1,180,996	1,180,996	1,180,996
Expenditures:			
Purchased Professional and Technical Services	35,300	35,300	98,000
Construction Services	1,143,812	1,143,812	1,082,996
Total Expenditures	1,179,112	1,179,112	1,180,996
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 1,884	\$ 1,884	\$ -0-

Additional Project Information:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HVAC PROJECT - FLOCKTOWN ROAD SCHOOL - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:			
State Sources - SDA Grant	\$ 518,800	\$ 518,800	\$ 518,800
Transfer from General Fund - Capital Reserve	697,698	697,698	697,698
Transfer from General Fund - Capital Outlay	105,502	105,502	105,502
Total Revenue and Other Financing Sources	1,322,000	1,322,000	1,322,000
Expenditures:			
Purchased Professional and Technical Services	105,000	105,000	100,000
Construction Services	1,213,181	1,213,181	1,222,000
Total Expenditures	1,318,181	1,318,181	1,322,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 3,819	\$ 3,819	\$ -0-

Additional Project Information:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ROOF REPLACEMENT - OLD FARMER'S ROAD SCHOOL - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Additional Project Information:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
AIR CONDITIONING PROJECT - OLD FARMER'S ROAD SCHOOL - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Totals	Authorized Cost
Revenue and Other Financing Sources:			
State Sources - SDA Grant	\$ 39,992	\$ 39,992	\$ 39,992
Transfer from General Fund - Capital Reserve	59,989	59,989	59,989
Total Revenue and Other Financing Sources	99,981	99,981	99,981
Expenditures:			
Purchased Professional and Technical Services	10,500	\$ 10,500	10,500
Construction Services	79,000	79,000	89,481
Total Expenditures	89,500	89,500	99,981
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 10,481	\$ 10,481	\$ -0-

Additional Project Information:

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

PROPRIETARY FUNDS

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS:

Current Assets:

Accounts Receivable:

State	\$ 330
Federal	4,932
Other	14,110
Inventories	<u>7,070</u>

Total Current Assets	<u>26,442</u>
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Non-Current Assets:

Capital Assets	384,726
Less: Accumulated Depreciation	<u>(324,084)</u>

Total Non-Current Assets	<u>60,642</u>
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Total Assets	<u>87,084</u>
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LIABILITIES:

Current Liabilities:

Interfund Payable	140,060
Unearned Revenue	<u>20,638</u>

Total Current Liabilities	<u>160,698</u>
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NET POSITION:

Investment in Capital Assets	60,642
Unrestricted/(Deficit)	<u>(134,256)</u>

Total Net Position/(Deficit)	<u><u>\$ (73,614)</u></u>
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WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 254,787
Daily Sales - Non-Reimbursable Programs	<u>188,530</u>
Total Operating Revenue	<u>443,317</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	194,261
Salaries, Benefits & Payroll Taxes	222,669
Professional and Technical Services	91,145
Repairs and Supplies	23,112
Depreciation Expense	<u>19,792</u>
Total Operating Expenses	<u>550,979</u>
Operating Loss	<u>(107,662)</u>
Non-Operating Revenue:	
State Sources	
State School Lunch Program	3,832
Federal Sources	
National School Lunch Program	58,186
Food Distribution Program	<u>33,032</u>
Total Non-Operating Revenue	<u>95,050</u>
Change in Net Position	(12,612)
Net Position/(Deficit) - Beginning of Year	<u>(61,002)</u>
Net Position/(Deficit) - End of Year	<u>\$ (73,614)</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 439,570
Payments to Food Service Vendor	(492,094)
Payments to Suppliers	<u>(8,284)</u>
Net Cash Used for Operating Activities	<u>(60,808)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	<u>60,808</u>
Net Cash Provided by Noncapital Financing Activities	<u>60,808</u>
Net Increase in Cash and Cash Equivalents	-0-
Cash and Cash Equivalents, July 1	<u>-0-</u>
Cash and Cash Equivalents, June 30	<u><u>\$ -0-</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (107,662)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Federal Food Distribution Program	33,032
Depreciation	19,792
Changes in Assets and Liabilities:	
Decrease in Inventory	6,294
Decrease in Interfund Receivable	80,000
Decrease in Accounts Receivable	3,705
(Decrease) in Interfund Payable	(51,550)
(Decrease) in Accounts Payable	(40,330)
(Decrease) in Unearned Revenue	<u>(4,089)</u>
Net Cash Used for Operating Activities	<u><u>\$ (60,808)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Fund received USDA donated commodities valued at \$32,690 and used commodities valued at \$33,032 during the fiscal year.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Transportation</u>
<u>ASSETS:</u>	
Current assets:	
Cash	\$ 2,095
Accounts receivable:	
Intergovernmental - Other	119,034
Total current assets	121,129
Non-current assets:	
Capital assets	5,322,371
Less: accumulated depreciation	(2,604,073)
Total non-current assets	2,718,298
Total assets	2,839,427
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts payable - vendors	28,466
Interfund Payable	298,204
Total Current Liabilities	326,670
Long-Term Liabilities:	
Capital Leases Payable:	
Due Within One Year	380,844
Due Beyond One Year	942,526
Total Long-Term Liabilities	1,323,370
Total Liabilities	1,650,040
<u>NET POSITION:</u>	
Net investment in capital assets	1,394,928
Unrestricted/(Deficit)	(205,541)
Total net position	\$ 1,189,387

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Transportation</u>
Operating revenue:	
Local Sources:	
Charges and fees	\$ 4,038,145
Total operating revenue	4,038,145
Operating expenses:	
Salaries, benefits and payroll taxes	3,109,238
Professional and technical services	113,788
Maintenance	474,739
Supplies and materials	20,222
Depreciation	432,383
Total operating expenses	4,150,370
Operating loss	(112,225)
Non-operating expense:	
Interest Expense on Capital Leases	(26,219)
Total non-operating expense	(26,219)
Change in net position	(138,444)
Net position - beginning of year	1,327,831
Net position - end of year	\$ 1,189,387

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Transportation</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 3,995,298
Payments to suppliers	(3,574,563)
Net cash provided by/(used for) operating activities	420,735
Cash flows from capital and related financing activities:	
Purchases of Capital Assets	(12,766)
Interest Expense on Capital Leases	(26,219)
Capital lease payments	(381,750)
Net cash flows used for capital and related financing activities	(420,735)
Net increase/(decrease) in cash and cash equivalents	
Cash and cash equivalents, July 1	2,095
Cash and cash equivalents, June 30	\$ 2,095
Reconciliation of operating income/(loss) to net cash provided by/(used for) operating activities:	
Operating income/(loss)	\$ (112,225)
Adjustment to reconcile operating income/(loss) to net cash provided by/(used for) operating activities:	
Depreciation	432,383
Changes in assets and liabilities:	
(Increase)/decrease in accounts receivable	(42,847)
Increase/(decrease) in accounts payable	(34,870)
Increase/(decrease) in Interfunds payable	178,294
Net cash provided by/(used for) operating activities	\$ 420,735

FIDUCIARY FUNDS

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Agency</u>			<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>		
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 33,598	\$ 232,815	\$ 266,413	\$ 6,928	\$ 644,765
Interfund Receivable					14,005
Total Assets	<u>33,598</u>	<u>232,815</u>	<u>266,413</u>	<u>6,928</u>	<u>658,770</u>
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings		218,810	218,810		
Interfund Payable		14,005	14,005		
Due to Student Groups	<u>33,598</u>		<u>33,598</u>		
Total Liabilities	<u>33,598</u>	<u>232,815</u>	<u>266,413</u>		
<u>NET POSITION:</u>					
Held in Trust for:					
Unemployment Claims					658,770
Flexible Spending Claims				<u>6,928</u>	
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,928</u>	<u>\$ 658,770</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 60,705	\$ 43,449
Total Additions	<u>60,705</u>	<u>43,449</u>
DEDUCTIONS:		
Flexible Spending Claims	56,478	
Unemployment Compensation Claims		53,831
Total Deductions	<u>56,478</u>	<u>53,831</u>
Change in Net Position	4,227	(10,382)
Net Position - Beginning of the Year	<u>2,701</u>	<u>669,152</u>
Net Position - End of the Year	<u>\$ 6,928</u>	<u>\$ 658,770</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 35,314	\$ 257,059	\$ 258,775	\$ 33,598
Total Assets	<u>\$ 35,314</u>	<u>\$ 257,059</u>	<u>\$ 258,775</u>	<u>\$ 33,598</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 35,314	\$ 257,059	\$ 258,775	\$ 33,598
Total Liabilities	<u>\$ 35,314</u>	<u>\$ 257,059</u>	<u>\$ 258,775</u>	<u>\$ 33,598</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Schools:				
Long Valley Middle School	\$ 27,795	\$ 227,610	\$ 229,719	\$ 25,686
Flocktown Kossmann School	2,991	9,861	9,572	3,280
Old Farmers Road School	233	7,371	7,051	553
Cucinella School	4,295	12,217	12,433	4,079
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 35,314</u>	<u>\$ 257,059</u>	<u>\$ 258,775</u>	<u>\$ 33,598</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 252,976	\$ 36,871,578	\$ 36,891,739	\$ 232,815
Total Assets	<u>\$ 252,976</u>	<u>\$ 36,871,578</u>	<u>\$ 36,891,739</u>	<u>\$ 232,815</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 235,392	\$ 36,857,573	\$ 36,874,155	\$ 218,810
Interfund Payable	<u>17,584</u>	<u>14,005</u>	<u>17,584</u>	<u>14,005</u>
Total Liabilities	<u>\$ 252,976</u>	<u>\$ 36,871,578</u>	<u>\$ 36,891,739</u>	<u>\$ 232,815</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance June 30, 2016	Matured	Balance June 30, 2017
			Date	Outstanding June 30, 2017 Amount	Amount				
Refunding of 2003 Bonds	8/15/2010	\$ 12,260,000	7/15/2017	\$ 1,170,000	4.000%	\$ 9,885,000	\$ 1,135,000	\$ 8,750,000	
			7/15/2018	1,205,000	4.000%				
			7/15/2019	1,240,000	4.000%				
			7/15/2020	1,250,000	4.000%				
			7/15/2021	1,320,000	3.000%				
			7/15/2022	1,350,000	3.000%				
			7/15/2023	1,215,000	3.000%				
						<u>\$ 9,885,000</u>	<u>\$ 1,135,000</u>	<u>\$ 8,750,000</u>	

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

Item	Interest Rate	Original Issue	Balance June 30, 2016	Issued	Matured	Balance June 30, 2017
<u>General Fund:</u>						
Technology	1.067%	\$ 395,891	\$ 132,055		\$ 132,055	\$ 162,054
Technology	1.312%	486,191	322,010		159,956	
Technology	1.947%	145,595		\$ 145,595	45,026	100,569
Phone System	1.830%	246,900		246,900	49,963	196,937
Total General Fund			454,065	392,495	387,000	459,560
<u>Internal Service Fund:</u>						
Buses	2.77%	371,956	52,629		52,629	186,384
Buses	1.067%	463,129	278,103		91,719	37,680
Van	2.16%	62,119	49,713		12,033	60,456
Bus	2.30%	98,529	79,709		19,253	60,456
Bus	2.30%	98,529	79,709		19,253	60,456
Bus	2.30%	98,529	79,709		19,253	60,456
Buses	1.66%	537,000	537,000		103,899	433,101
Buses	1.75%	468,839		468,839	44,458	424,381
Total Internal Service Fund			1,236,281	468,839	381,750	1,323,370
Total Capital Leases			\$ 1,690,346	\$ 861,334	\$ 768,750	\$ 1,782,930

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,468,850		\$ 1,468,850	\$ 1,468,850	
Total Revenue	1,468,850		1,468,850	1,468,850	
EXPENDITURES:					
Regular Debt Service:					
Interest	333,850		333,850	333,850	
Redemption of Principal	1,135,000		1,135,000	1,135,000	
Total Regular Debt Service	1,468,850		1,468,850	1,468,850	
Total Expenditures	1,468,850		1,468,850	1,468,850	
Deficit of Revenues Under Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.

J-16 thru J-20

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

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 28,844,793	\$ 29,547,500	\$ 29,870,731	\$ 30,857,372	\$ 31,080,218	\$ 30,550,534	\$ 30,705,497	\$ 32,929,331	\$ 33,572,340	\$ 33,877,875
Restricted	1,435,940	1,208,618	1,129,535	1,352,692	2,052,893	2,577,921	1,924,520	2,289,164	1,240,224	1,440,224
Unrestricted/(Deficit)	1,763,818	1,634,653	1,817,997	1,894,687	2,242,460	2,135,189	(12,678,217)	(14,871,251)	(14,156,191)	(15,487,836)
Total Governmental Activities Net Position	\$ 32,044,551	\$ 32,390,771	\$ 32,768,263	\$ 34,104,751	\$ 35,375,571	\$ 35,263,644	\$ 19,951,800	\$ 20,347,244	\$ 20,656,373	\$ 19,830,263
Business-type Activities										
Net Investment in Capital Assets	\$ 5,270	\$ 5,270	\$ 46,208	\$ 61,923	\$ 56,308	\$ 112,125	\$ 106,226	\$ 94,955	\$ 80,434	\$ 60,642
Unrestricted/(Deficit)	31,262	19,390	(38,507)	(53,421)	(89,027)	(204,182)	(218,697)	(135,316)	(141,436)	(134,256)
Total Business-type Activities Net Position/(Deficit)	\$ 36,532	\$ 24,660	\$ 7,701	\$ 8,502	\$ (32,719)	\$ (92,057)	\$ (112,471)	\$ (40,361)	\$ (61,002)	\$ (73,614)
District-wide										
Net Investment in Capital Assets	\$ 28,850,063	\$ 29,552,770	\$ 29,866,939	\$ 30,919,295	\$ 31,136,526	\$ 30,662,659	\$ 30,811,723	\$ 33,024,286	\$ 33,652,774	\$ 33,938,517
Restricted	1,435,940	1,208,618	1,129,535	1,352,692	2,052,893	2,577,921	1,924,520	2,289,164	1,240,224	1,440,224
Unrestricted/(Deficit)	1,795,080	1,654,043	1,779,490	1,841,266	2,153,433	1,931,007	(12,896,914)	(15,006,567)	(14,297,627)	(15,622,092)
Total District Net Position	\$ 32,081,083	\$ 32,415,431	\$ 32,775,964	\$ 34,113,253	\$ 35,342,852	\$ 35,171,587	\$ 19,839,329	\$ 20,306,883	\$ 20,595,371	\$ 19,756,649

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction:										
Regular	\$ 17,688,696	\$ 17,042,515	\$ 17,900,073	\$ 16,712,610	\$ 16,665,731	\$ 16,799,927	\$ 17,115,111	\$ 19,089,714	\$ 19,823,737	\$ 21,550,075
Special Education	4,371,942	4,623,113	4,817,967	5,632,970	5,875,949	6,165,305	6,615,956	7,893,868	8,659,630	10,093,387
Other Special Education	999,429	922,543	961,370	903,838	961,972	1,076,548	1,120,353	1,653,039	1,704,964	2,391,859
School Sponsored/Other Instruction	174,735	171,935	201,790	165,596	179,632	213,603	249,056	334,792	352,981	177,474
Support Services:										
Tuition	1,420,506	1,791,074	1,459,238	1,208,991	1,455,464	1,478,347	1,283,355	1,338,469	1,089,551	1,450,741
Student & Instruction Related Services	6,020,895	7,074,509	7,393,373	6,637,865	6,785,354	6,852,635	7,232,507	8,021,352	8,678,706	9,544,258
General Administrative Services	970,440	1,082,930	1,125,046	866,972	859,754	854,868	790,069	861,609	899,002	877,703
School Administrative Services	1,833,956	1,855,950	2,081,896	1,507,199	1,598,289	1,950,083	1,680,145	2,084,284	1,814,291	1,965,221
Central Services	612,470	502,175	630,956	658,446	683,140	694,031	720,253	729,583	781,993	900,989
Technology Services	63,052	76,258	100,536	27,546	12,653	8,071	11,731	6,057	45,747	1,425
Plant Operations and Maintenance	3,689,805	3,887,870	3,258,174	3,580,476	3,706,303	3,727,211	3,993,337	4,265,266	4,419,113	4,826,969
Pupil Transportation	4,441,815	4,971,146	4,919,305	4,782,123	4,695,551	5,307,703	4,898,277	4,958,457	4,683,483	5,186,198
Interest on Long-term Debt	728,719	697,613	673,882	590,046	562,715	529,215	476,752	440,843	402,967	358,366
Transfer to Charter School	8,357	39,422	31,982	71,417	153,235	116,080	93,182	79,771	70,887	47,088
Capital Outlay	575,025	16,049	16,049	50,316	148,931	141,310	1,594,755	41,548	53,427,052	258,683
Total Governmental Activities Expenses	43,599,842	44,755,102	45,555,588	43,396,411	44,344,673	45,914,937	47,874,839	51,798,652	53,427,052	59,630,436
Business-type Activities:										
Food Service	686,917	690,077	724,900	751,327	749,944	670,954	646,701	590,276	578,631	550,979
Total Business-type Activities Expense	686,917	690,077	724,900	751,327	749,944	670,954	646,701	590,276	578,631	550,979
Total District Expenses	44,286,759	45,445,179	46,280,488	44,147,738	45,094,617	46,585,891	48,521,540	52,388,928	54,005,683	60,181,415
Program Revenues										
Governmental Activities:										
Changes for Services:										
Pupil Transportation	948,360	1,169,059	1,137,693	1,123,476	1,062,050	989,994	1,052,689	1,101,469	1,303,236	1,420,193
Operating Grants and Contributions	12,758,706	12,227,480	12,667,776	11,202,717	12,166,067	13,166,080	12,465,798	17,282,809	19,075,209	23,188,978
Total Governmental Activities Program Revenues	13,707,066	13,396,539	13,805,469	12,326,193	13,228,117	14,156,074	13,518,487	18,384,278	20,378,445	24,609,171

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type Activities:										
Charges for Services										
Food Service										
Operating Grants and Contributions										
Total Business-type Activities Program Revenues	\$ 560,793	\$ 599,348	\$ 611,769	\$ 638,552	\$ 606,591	\$ 505,557	\$ 514,929	\$ 483,787	\$ 453,066	\$ 443,317
Total District Program Revenues	78,314	78,857	96,172	113,576	102,132	106,059	111,358	103,599	104,924	95,050
	639,107	678,205	707,941	752,128	708,723	611,616	626,287	587,386	557,990	538,367
	14,346,173	14,074,744	14,513,410	13,078,321	13,936,840	14,767,690	14,144,774	18,971,664	20,936,435	25,147,538
Net (Expense)/Revenue:										
Governmental Activities	(29,892,776)	(31,358,563)	(31,750,119)	(31,070,218)	(31,116,556)	(31,758,863)	(34,356,352)	(33,414,374)	(33,048,607)	(35,021,265)
Business-type Activities	(47,810)	(11,872)	(16,959)	801	(41,221)	(59,338)	(20,414)	(2,890)	(20,641)	(12,612)
Total District-wide Net Expense	(29,940,586)	(31,370,435)	(31,767,078)	(31,069,417)	(31,157,777)	(31,818,201)	(34,376,766)	(33,417,264)	(33,069,248)	(35,033,877)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	29,346,843	29,854,882	30,279,036	30,487,832	30,705,982	30,409,527	30,565,878	31,128,290	31,549,550	32,451,543
Taxes Levied for Debt Service	1,508,656	1,504,050	1,501,120	1,510,490	1,424,176	1,474,574	1,477,238	1,481,324	1,473,449	1,468,850
Unrestricted Grants and Contributions			135,600	210,932			453,893	1,077,663	112,689	92,876
Adjustment to Capital Asset Appraisal Report	4,018,937									
Miscellaneous Income	229,737	345,851	211,855	197,452	257,218	228,548	235,325	197,541	222,048	181,885
Transfers								(75,000)		
Total Governmental Activities	35,104,173	31,704,783	32,127,611	32,406,706	32,387,376	32,112,649	32,732,334	33,809,818	33,357,736	34,195,154
Business-type Activities:										
Transfers								75,000		
Total Business-type Activities								75,000		
Total District-wide	35,104,173	31,704,783	32,127,611	32,406,706	32,387,376	32,112,649	32,732,334	33,884,818	33,357,736	34,195,154
Change in Net Position:										
Governmental Activities	5,211,397	346,220	377,492	1,336,488	1,270,820	353,786	(1,624,018)	395,444	309,129	(826,111)
Business-type Activities	(47,810)	(11,872)	(16,959)	801	(41,221)	(59,338)	(20,414)	72,110	(20,641)	(12,612)
Total District	\$ 5,163,587	\$ 334,348	\$ 360,533	\$ 1,337,289	\$ 1,229,599	\$ 294,448	\$ (1,644,432)	\$ 467,554	\$ 288,488	\$ (838,723)

Source: School District Financial Reports

WASHINGTON TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved/Restricted	\$ 1,123,221	\$ 1,111,624	\$ 748,355	\$ 1,252,014	\$ 1,077,240	\$ 1,422,354	\$ 429,776	\$ 640,211	\$ 1,140,311	\$ 1,340,311
Assigned				953,268	1,247,201	617,523	997,652	1,136,067	1,085,312	1,219,550
Unassigned				523,304	286,616	610,445	474,683	306,044	267,316	223,107
Unreserved	2,022,580	1,850,122	1,415,793							
Total General Fund	\$ 3,145,801	\$ 2,961,746	\$ 2,164,148	\$ 2,728,586	\$ 2,611,057	\$ 2,650,322	\$ 1,902,111	\$ 2,082,322	\$ 2,492,939	\$ 2,782,968
All Other Governmental Funds										
Reserved/Restricted				\$ 48,897	\$ 1,155,567	\$ 1,494,742	\$ 512,886	\$ 99,913	\$ 185,217	\$ 99,913
Committed										
Unreserved, Reported in:										
Capital Projects Fund	\$ 312,718	\$ 96,994	\$ 550,775	348,908	\$ 975,653					
Debt Service Fund							2			
Total All Other Governmental Funds	\$ 312,719	\$ 96,994	\$ 550,775	\$ 397,805	\$ 975,653	\$ 1,155,567	\$ 1,494,744	\$ 512,886	\$ 285,130	\$ 378,006
Total All Funds	\$ 3,458,520	\$ 3,058,740	\$ 2,714,923	\$ 3,126,391	\$ 3,586,710	\$ 3,805,889	\$ 3,396,855	\$ 2,595,208	\$ 2,778,069	\$ 3,160,974

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 30,855,499	\$ 31,358,932	\$ 31,780,156	\$ 31,998,322	\$ 32,130,158	\$ 31,884,101	\$ 32,043,116	\$ 32,609,614	\$ 33,022,999	\$ 33,920,393
Miscellaneous	266,789	417,541	252,103	277,084	305,345	331,301	235,325	235,514	258,713	255,029
State Sources	11,988,033	11,526,107	10,754,649	10,452,814	11,094,759	12,429,866	12,295,444	13,432,097	13,080,202	13,607,303
Federal Sources	733,621	629,683	2,008,480	881,202	1,023,181	633,461	624,247	624,220	639,034	620,572
Total Revenue	43,843,942	43,932,263	44,795,388	43,609,422	44,553,443	45,278,729	45,198,132	46,901,445	47,000,948	48,403,297
Expenditures										
Instruction										
Regular Instruction	12,987,762	12,596,892	13,155,847	12,231,631	12,195,419	12,164,627	12,198,315	12,243,182	12,183,304	12,245,582
Special Education Instruction	3,108,938	3,411,229	3,502,882	4,413,320	4,257,146	4,431,552	4,620,921	4,883,954	5,165,139	5,317,895
Other Special Instruction	707,383	668,059	687,152	642,785	687,529	760,896	777,184	1,018,631	1,008,048	1,356,397
School Sponsored/Other Instruction	127,450	128,516	145,636	120,880	131,483	155,468	176,164	213,170	215,213	
Support Services:										
Tuition	1,420,506	1,791,074	1,459,238	1,208,991	1,455,464	1,478,347	1,283,355	1,338,469	1,089,551	1,450,741
Student & Instruction Related Services	4,506,142	5,019,833	5,228,658	4,617,999	4,773,823	4,794,883	4,973,116	5,134,433	5,373,378	5,131,120
General Administrative Services	780,805	931,443	966,530	700,404	692,228	678,725	621,384	629,117	653,781	553,740
School Administrative Services	1,278,486	1,352,628	1,352,817	1,260,703	1,280,456	1,353,596	1,275,265	1,342,378	1,328,797	1,242,488
Central Services	444,081	444,858	459,732	484,449	503,913	500,890	513,563	462,632	477,691	495,118
Administrative Information Technology	45,511	59,292	82,219	27,546	12,653	8,071	11,731	6,057	1,845	1,425
Plant Operations and Maintenance	3,076,444	3,235,247	3,036,578	2,915,731	3,035,423	3,021,373	3,221,414	3,195,769	3,180,603	3,235,608
Pupil Transportation	3,377,858	3,831,386	3,428,405	3,288,598	3,251,261	3,245,398	3,000,524	2,854,026	2,823,051	3,017,810
Unallocated Benefits	10,123,134	9,189,626	9,680,503	9,272,562	9,655,415	10,059,386	9,430,757	9,867,408	11,301,551	12,414,982
Transfer to Charter Schools	8,357	39,422	31,982	71,417	153,235	116,080	93,182	79,771	70,887	47,088
Capital Outlay	1,362,697	884,032	354,333	544,918	534,603	1,414,766	1,633,739	2,877,770	957,989	434,043
Debt Service:										
Principal	767,700	794,200	815,000	850,000	950,000	985,000	1,025,000	1,065,000	1,095,000	1,135,000
Interest and Other Charges	740,956	709,851	686,120	611,593	523,073	489,573	452,237	416,325	378,450	333,850
Total Expenditures	44,864,210	45,087,588	45,073,632	43,263,527	44,093,124	45,658,631	45,307,851	47,628,092	47,304,278	48,412,887
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,020,268)	(1,155,325)	(278,244)	345,895	460,319	(379,902)	(109,719)	(726,647)	(303,330)	(9,590)

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses)										
Transfers In	\$ 1,247,789	\$ 971,272	\$ 561,154		\$ 1,148,409	\$ 1,198,000	\$ 1,702,905	\$ 709,337		
Transfers Out		(215,727)	(561,154)		(1,148,409)	(1,198,000)	(1,702,905)	(784,337)		
Capital Leases (Non-budgeted)	5,511,269					599,081			486,191	392,495
Total Other Financing Sources (Uses)	6,759,058	755,545				599,081		(75,000)	486,191	392,495
Net Change in Fund Balances	\$ 5,738,790	\$ (399,780)	\$ (278,244)	\$ 345,895	\$ 460,319	\$ 219,179	\$ (109,719)	\$ (801,647)	\$ 182,861	\$ 382,905
Debt Service as a Percentage of Noncapital Expenditures	3.6%	3.5%	3.5%	3.5%	3.5%	3.4%	3.5%	3.4%	3.3%	3.2%

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Rentals- Use</u> <u>of Facilities</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ 59,284	\$ 42,428	\$ 45,338	\$ 69,455	\$ 216,505
2009	12,530	40,477	177,804	115,037	345,848
2010	10,838	30,680	123,387	21,914	186,819
2011	6,234	20,975	26,888	143,355	197,452
2012	6,222	21,035	116,402	113,559	257,218
2013	3,612	35,935	88,299	100,702	228,548
2014	3,017	21,035	116,402	39,453	179,907
2015	2,306	17,550	114,267	63,418	197,541
2016	9,955	19,561	84,099	104,347	217,962
2017	19,163	17,650	87,277	57,795	181,885

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

Year Ended December 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	School Tax Rate ^b	(County Equalized Value)
2007	\$26,385,200	\$ 1,518,906,600	\$69,614,900	\$4,218,000	\$56,861,500	\$22,597,500	\$20,332,800	\$1,718,916,500	\$221,552,000	\$2,487,616	\$1,721,404,116	1.72	\$3,261,008,519
2008*	61,154,900	2,824,089,600	131,760,300	4,264,200	113,518,400	38,803,500	43,258,300	3,216,849,200	263,564,200	4,703,377	3,221,552,577	0.97	3,372,634,572
2009	54,480,100	2,841,182,400	130,062,400	4,154,100	132,149,800	38,803,500	43,258,300	3,244,090,600	266,814,300	4,241,728	3,248,332,328	0.97	3,380,843,416
2010	38,072,900	2,462,010,400	113,484,900	4,137,400	126,955,200	34,966,600	36,148,000	2,815,775,400	243,749,600	4,740,622	2,820,516,022	1.13	3,313,749,445
2011	36,687,200	2,467,409,800	115,743,900	4,396,700	125,513,400	34,966,600	35,481,100	2,820,198,700	244,640,300	4,384,292	2,824,582,992	1.14	3,152,132,846
2012	34,941,700	2,469,983,800	115,719,400	4,328,500	122,484,700	34,966,600	35,430,900	2,817,855,600	248,566,600	4,013,846	2,821,869,446	1.14	3,051,555,188
2013	31,560,000	2,478,920,800	115,230,000	4,334,500	119,232,700	34,966,600	35,358,200	2,819,602,800	252,694,900	1,383,066	2,820,985,866	1.13	2,896,200,018
2014	30,285,400	2,473,660,800	115,685,500	4,434,000	119,360,900	32,800,100	35,358,200	2,811,584,900	253,470,500	939,069	2,812,523,969	1.15	2,795,635,987
2015	29,795,600	2,472,018,300	114,769,000	4,412,000	115,548,400	32,800,100	35,358,200	2,804,701,600	254,218,200	935,217	2,805,636,817	1.69	2,843,585,328
2016	31,061,500	2,470,631,400	116,338,400	4,359,800	123,464,900	32,800,100	35,358,200	2,814,014,300	254,082,500	830,887	2,814,845,187	1.72	2,857,587,207

* Year in which revaluation became effective.

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Year Ended December 31,	Washington School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt ^b	Total Direct	Washington Township	Morris County	
2007	\$ 1.64	\$ 0.08	\$ 1.72	\$ 0.58	\$ 0.45	\$ 2.75
2008	* 0.92	0.05	0.97	0.32	0.24	1.53
2009	0.93	0.05	0.97	0.33	0.24	1.54
2010	1.08	0.05	1.13	0.40	0.27	1.80
2011	1.08	0.05	1.14	0.40	0.27	1.80
2012	1.08	0.05	1.14	0.41	0.27	1.81
2013	1.08	0.05	1.13	0.42	0.26	1.81
2014	1.10	0.05	1.15	0.43	0.26	1.84
2015	1.62	0.07	1.69	0.44	0.25	2.38
2016	1.65	0.08	1.72	0.45	0.26	2.43

* Year in which revaluation became effective.

Source: Municipal Tax Collector and School Business Administrator

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

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

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

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

	2017		2008			
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Heath Village		\$ 21,457,600	0.76%	Heath Village	\$ 13,931,000	0.81%
Target Corp		15,900,000	0.56%	Kings Highway Company LLC	6,849,400	0.40%
2085 Realty Partners		12,519,100	0.44%	Peachtree Village	5,800,000	0.34%
Peachtree Village		10,250,000	0.36%	Individual Taxpayer #1	5,094,100	0.30%
Bay Ridge Motor Sales		7,940,000	0.28%	The Great Atlantic & Pacific Tea Co	4,350,000	0.25%
Transistor Devices		6,841,200	0.24%	Transistor Devices	4,302,200	0.25%
Amerace ESNA Corp		6,178,400	0.22%	Toll NJ IV, LP	3,737,200	0.22%
Black Oak Golf Club		6,036,500	0.21%	Amerace ESNA Corp	3,600,000	0.21%
Columbia Gas Trans.		5,872,300	0.21%	Columbus Gas Trans.	3,481,000	0.20%
Long Valley Shopping Center		5,500,000	0.20%	Individual Taxpayer #2	2,379,400	0.14%
Total		\$ 98,495,100	3.48%		\$ 53,524,300	3.12%

Source: Municipal Tax Assessor

Note - A revaluation was effective in 2008.

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	\$ 30,855,499	\$ 30,855,499	100.00%	-0-
2009	31,358,932	31,358,932	100.00%	-0-
2010	31,780,156	31,780,156	100.00%	-0-
2011	31,998,322	31,998,322	100.00%	-0-
2012	32,130,158	32,130,158	100.00%	-0-
2013	31,884,101	31,884,101	100.00%	-0-
2014	32,043,116	32,043,116	100.00%	-0-
2015	32,609,614	32,609,614	100.00%	-0-
2016	33,022,999	33,022,999	100.00%	-0-
2017	33,920,393	33,920,393	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases			
2008	\$ 16,909,200		\$ 846,058	\$17,755,258	1.35%	\$ 971.35
2009	16,115,000		773,828	16,888,828	1.24%	922.74
2010	15,300,000		1,051,705	16,351,705	1.26%	891.78
2011	15,005,000		928,970	15,933,970	1.18%	858.56
2012	14,055,000		885,698	14,940,698	1.05%	800.81
2013	13,070,000		927,427	13,997,427	0.95%	747.13
2014	12,045,000		776,740	12,821,740	0.87%	684.37
2015	10,980,000		1,372,813	12,352,813	0.80%	659.38
2016	9,885,000		1,690,346	11,575,346	0.75%	617.29
2017	8,750,000		1,782,930	10,532,930	0.68%	563.41

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 16,909,200		\$ 16,909,200	0.982%	\$ 925.06
2009	16,115,000		16,115,000	0.500%	880.46
2010	15,300,000		15,300,000	0.471%	834.42
2011	15,005,000		15,005,000	0.532%	808.50
2012	14,055,000		14,055,000	0.498%	753.34
2013	13,070,000		13,070,000	0.463%	697.62
2014	12,045,000		12,045,000	0.427%	642.64
2015	10,980,000		10,980,000	0.390%	586.10
2016	9,885,000		9,885,000	0.352%	527.14
2017	8,750,000		8,750,000	0.311%	468.04

Source: School District Financial Reports

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

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

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

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Washington Township	\$ 8,750,000	100.00%	\$ 8,750,000
Morris County General Obligation Debt	221,180,986	3.10%	6,863,436
West Morris Regional High School District	14,850,000	33.52%	<u>4,977,219</u>
Subtotal, overlapping debt			20,590,655
Washington Township School District Direct Debt			<u>8,750,000</u>
Total direct and overlapping debt			<u>\$ 29,340,655</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis	
2016	\$ 2,887,353,068
2015	2,842,650,111
2014	2,794,696,918
	<u>\$ 8,524,700,097</u>
	<u>\$ 2,841,566,699</u>
Average equalized valuation of taxable property	
	85,247,001 ^a
	<u>8,750,000</u>
	<u>\$ 76,497,001</u>
Debt limit (3% of average equalization value)	
	8,750,000
	<u>8,750,000</u>
Net bonded school debt	
	\$ 76,497,001
	<u>76,497,001</u>
Legal debt margin	

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 92,218,734	\$ 98,661,977	\$ 99,644,935	\$ 97,770,576	\$ 94,794,426	\$ 93,420,817	\$ 93,645,417	\$ 84,981,113	\$ 84,527,266	\$ 85,247,001
Total net debt applicable to limit	16,909,200	16,115,000	15,300,000	15,005,000	14,055,000	13,070,000	12,045,000	10,980,000	9,885,000	8,750,000
Legal debt margin	<u>\$ 75,309,534</u>	<u>\$ 82,546,977</u>	<u>\$ 84,344,935</u>	<u>\$ 82,765,576</u>	<u>\$ 80,739,426</u>	<u>\$ 80,350,817</u>	<u>\$ 81,600,417</u>	<u>\$ 74,001,113</u>	<u>\$ 74,642,266</u>	<u>\$ 76,497,001</u>

Total net debt applicable to the limit as a percentage of debt limit	18.34%	16.33%	15.35%	15.35%	14.83%	13.99%	12.86%	12.92%	11.69%	10.26%
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Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

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

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

Year	Township Population ^a	Morris County Per Capita Personal Income ^b	Township Personal Income (a*b)	Township Unemployment Rate ^c
2007	18,279	\$ 72,211	\$ 1,319,944,869	2.90%
2008	18,303	74,636	1,366,062,708	3.90%
2009	18,336	70,516	1,292,981,376	6.60%
2010	18,559	72,780	1,350,724,020	6.70%
2011	18,657	76,194	1,421,551,458	6.50%
2012	18,735	78,693	1,474,313,355	6.50%
2013	18,743	79,094	1,482,458,842	5.00%
2014	18,734	82,810	1,551,362,540	4.60%
2015	18,752	86,582	1,552,853,120	4.30%
2016	18,695	86,582 *	1,552,853,120	3.50%

* - Latest Morris County per capita personal income available (2015) was used for calculation purposes.

Source:

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

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

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

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

	2017		2008		
	Employer	Employees	Percentage Total	Employers	Percentage Total
U.S. Army Armament R&D		6,000	2.31%	5,000	N/A
Atlantic Health		5,171	1.99%	4,045	N/A
Novartis Corporation		4,622	1.78%	3,412	N/A
Bayer Healthcare, LLC		2,800	1.08%	2,170	N/A
County of Morris		1,757	0.68%	1,983	N/A
Wyndham Worldwide Corporation		1,626	0.63%	1,941	N/A
Accenture		1,561	0.60%	1,371	N/A
St. Clare's		1,504	0.58%	1,296	N/A
BASF		1,500	0.58%	1,200	N/A
PricewaterhouseCoopers		1,360	0.52%	1,200	N/A
		<u>27,901</u>	<u>10.74%</u>	<u>23,618</u>	<u>0.00%</u>
Total Employment *		<u>259,756</u>		<u>N/A</u>	

N/A - Not Available

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

Source: Morris County Treasurer's Office

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	186	180	182	160	153	151	146	146	144	142
Special education	106	106	108	113	123	122	115	126	127	128
Support Services:										
Student & instruction related services	24	24	20	20	54	55	56	56	56	57
School administrative services	19	19	20	18	20	20	19	19	19	19
General administrative services	3	3	7	7	7	7	6	5	5	5
Plant operations and maintenance	28	28	26	26	26	26	28	28	28	28
Pupil transportation	41	42	42	38	39	39	38	37	38	38
Business and other support services	7	7	7	7	7	7	6	6	6	6
Food Service	4	4	4	4	4	4	2	1		
Total	418	413	416	393	433	431	416	424	423	423

WASHINGTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Pupil/Teacher Ratio										
	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	2,900	\$ 41,992,857	\$ 14,480	4.40%	247	1:13	1:12	2,875	2,753	-0.90%	95.76%
2009	2,878	42,699,505	14,837	2.46%	245	1:13	1:12	2,825	2,704	-1.74%	95.72%
2010	2,770	43,218,179	15,602	5.16%	235	1:13	1:12	2,738	2,615	-3.08%	95.51%
2011	2,687	41,257,016	15,354	-1.59%	230	1:13	1:12	2,660	2,543	-2.85%	95.60%
2012	2,576	42,085,448	16,338	6.40%	219	1:13	1:12	2,549	2,440	-4.17%	95.72%
2013	2,472	42,769,292	17,301	5.90%	219	1:13	1:12	2,463	2,348	-3.37%	95.33%
2014	2,357	42,196,875	17,903	3.48%	217	1:13	1:12	2,344	2,236	-4.83%	95.39%
2015	2,296	43,268,997	18,845	5.27%	216	1:13	1:12	2,280	2,180	-2.73%	95.61%
2016	2,197	44,872,839	20,425	8.38%	240	1:13	1:12	2,204	2,108	-3.33%	95.64%
2017	2,078	46,509,994	22,382	9.58%	239	1:13	1:12	2,086	1,998	-5.35%	95.78%

Sources: Washington Township School District records

Note: Enrollment based on annual October district count.

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

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

<u>District Building</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Flocktown-Kossmann School (1969-1979)										
Square Feet	73,550	73,550	73,550	73,550	73,550	73,550	73,550	73,550	73,550	73,550
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	633	629	601	576	560	540	501	501	494	466
Old Farmers School (1969)										
Square Feet	46,140	46,140	46,140	46,140	46,140	46,140	46,140	46,140	46,140	46,140
Capacity (students)	396	396	396	396	396	396	396	396	396	396
Enrollment	460	461	457	430	417	392	358	358	329	329
Long Valley Middle School North and South (1949)										
Square Feet	128,105	128,105	128,105	128,105	128,105	128,105	128,105	128,105	128,105	128,105
Capacity (students)	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190
Enrollment	1,041	1,030	1,010	996	964	951	892	892	868	797
Cucinella School (2006)										
Square Feet	98,541	98,541	98,541	98,541	98,541	98,541	98,541	98,541	98,541	98,541
Capacity (students)	748	748	748	748	748	748	748	748	748	748
Enrollment	728	717	672	653	602	588	521	521	506	486
Administration Building (1954)										
Square Feet	4,730	4,730	4,730	4,730	4,730	4,730	4,730	4,730	4,730	4,730

Number of Schools at June 30, 2017

Elementary = 3

Middle School = 1

High School = 0

Source: Washington Township School District Facilities Office

Note: Year of original construction is shown in parentheses.

Enrollment is based on the annual October district count.

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

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

School Facilities	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Board of Education	\$ 3,821	\$ 3,689	\$ 3,225	\$ 2,835	\$ 2,398	\$ 2,787	\$ 2,087	\$ 2,209	\$ 2,480	\$ 2,441
Flocktown-Kossmann School	87,063	71,429	99,676	74,460	137,041	145,230	101,154	201,235	166,131	109,254
Old Farmers School	55,231	56,938	55,026	49,202	102,161	125,989	107,300	70,634	79,350	90,549
Long Valley Middle School	147,225	194,077	131,522	117,803	216,711	159,871	285,625	205,021	264,970	280,306
Cucinella School	103,090	104,477	85,202	71,100	184,312	123,742	88,830	99,014	103,443	128,004
Total	\$396,431	\$430,610	\$374,651	\$315,400	\$642,623	\$557,619	\$584,996	\$578,113	\$616,374	\$610,554

Source: Washington Township School District records

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

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

Source: Washington Township School District Records.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Washington Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2017.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters


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

Purpose of this Report

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

November 15, 2017
Mount Arlington, New Jersey


NISIVOCCIA LLP


Francis Jones
Licensed Public School Accountant #1154
Certified Public Accountant

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

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

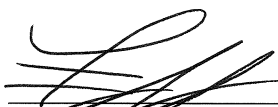
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

November 15, 2017
Mount Arlington, New Jersey


NISIVOCCIA LLP


Francis Jones
Licensed Public School Accountant #1154
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance Accounts Receivable/ (Unearned Revenue) 6/30/16	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance 6/30/17 Accounts Receivable	Unearned Revenue	Due to Grantor 6/30/17	Amounts Provided to Subrecipients
U.S. Department of Agriculture													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Federal Food Distribution Program	10.550	N/A	7/1/16-6/30/17	\$ 33,849			\$ 32,690	\$ (27,838)		\$ 4,852			
Federal Food Distribution Program	10.550	N/A	7/1/15-6/30/16	37,006	\$ (5,194)			(5,194)					
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	58,186			53,254	(58,186)		\$ (4,932)			
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	59,282	3,800		3,800						
Total National School Lunch Program					(1,394)		89,744	(91,218)		(4,932)	4,852		
Total U.S. Department of Agriculture/Child Nutrition Cluster					(1,394)		89,744	(91,218)		(4,932)	4,852		
Special Revenue Fund:													
U.S. Department of Education													
Passed-through State Department of Education:													
No Child Left Behind:													
Title I	84.010A	NCLB552017	7/1/16-6/30/17	36,845			36,845	(36,845)					
Title IIA	84.278A	NCLB552017	7/1/16-6/30/17	32,187			32,187	(32,187)					
Title III	84.031A	NCLB552017	7/1/16-6/30/17	10,672			8,841	(8,841)					
Total NCLB							77,873	(77,873)					
Special Education Cluster													
I.D.E.A. Part B, Preschool	84.173	PS-5520-17	7/1/16-6/30/17	25,663			25,663	(25,663)					
I.D.E.A. Part B, Basic	84.027	FT-5520-17	7/1/16-6/30/17	517,036			517,036	(517,036)					
Total Special Education Cluster							542,699	(542,699)					
Total Special Revenue Fund/U.S. Department of Education							620,572	(620,572)					
Total Federal Awards					\$ (1,394)	\$ -0-	\$ 710,316	\$ (711,790)	\$ -0-	\$ (4,932)	\$ 4,852	\$ -0-	\$ -0-

N/A - Not Available

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at		Memo	
				June 30, 2016	June 30, 2017				GAAP	Accounts Receivable		
				Budgetary	Accounts				Receivable	Budgetary	Cumulative	
				Accounts	Receivable					Receivable	Expenditures	Total
				Receivable								
NJ Department of Education:												
General Fund:												
Categorical Special Education Aid	17-495-034-5120-011	7/1/16 - 6/30/17	\$ 1,434,807	\$ (157,177)	\$ 1,434,807	\$ (1,591,751)				\$ (156,944)	\$ 1,591,751	\$ 1,591,751
Categorical Special Education Aid	16-495-034-5120-011	7/1/15 - 6/30/16	1,591,751		157,177	(5,580,975)				(550,271)	5,580,975	1,591,751
Equalization Aid	17-495-034-5120-078	7/1/16 - 6/30/17	5,030,704	(551,094)	5,030,704						5,580,975	5,580,975
Equalization Aid	16-495-034-5120-078	7/1/15 - 6/30/16	5,580,975		551,094	(176,840)				(17,436)	176,840	176,840
Categorical Security Aid	17-495-034-5120-084	7/1/16 - 6/30/17	176,840	(17,462)	159,404	(288,960)				(28,491)	288,960	288,960
Categorical Security Aid	16-495-034-5120-084	7/1/15 - 6/30/16	176,840		17,462	(359,036)				(35,400)	359,036	359,036
Categorical Transportation Aid	17-495-034-5120-014	7/1/16 - 6/30/17	288,960	(28,533)	260,469	(22,680)				(2,236)	22,680	22,680
Categorical Transportation Aid	16-495-034-5120-014	7/1/15 - 6/30/16	288,960		28,533	(22,680)				(2,236)	22,680	22,680
Additional Adjustment Aid	17-495-034-5120-085	7/1/16 - 6/30/17	359,036	(35,453)	323,636	(21,280)				(2,098)	21,280	10,662
Additional Adjustment Aid	16-495-034-5120-085	7/1/15 - 6/30/16	359,036		35,453	(10,662)			\$ (10,662)	(10,662)	7,744	7,744
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16 - 6/30/17	20,444	(2,240)	19,182	(519,642)				(519,642)	519,642	519,642
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15 - 6/30/16	22,680		2,240	(383,057)				(66,654)	383,057	383,057
PARCC Readiness Aid	17-495-034-5120-098	7/1/16 - 6/30/17	22,680	(2,240)	20,444	(1,332,718)				(66,654)	1,332,718	1,332,718
PARCC Readiness Aid	16-495-034-5120-098	7/1/15 - 6/30/16	22,680		2,240	(5,287)				(5,287)	5,287	1,359,354
Professional Learning Community Aid	17-495-034-5120-101	7/1/16 - 6/30/17	21,280	(7,744)	19,182	(1,626,877)				(5,287)	20,693	20,693
Professional Learning Community Aid	16-495-034-5120-101	7/1/15 - 6/30/16	10,662		7,744	(1,884,230)				(1,626,877)	1,626,877	1,626,877
Non-Public Transportation Aid	17-495-034-5120-014	7/1/16 - 6/30/17	7,744		7,744	(1,884,230)				(68,270)	68,270	1,884,230
Non-Public Transportation Aid	16-495-034-5120-014	7/1/15 - 6/30/16	519,642		7,744	(3,452)					3,452	68,270
Extraordinary Aid	17-495-034-5120-044	7/1/16 - 6/30/17	383,057		383,057							3,452
Extraordinary Aid	16-100-034-5120-473	7/1/15 - 6/30/16										
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16 - 6/30/17	1,332,718		1,266,064	(1,332,718)						1,332,718
Reimbursed TPAF Social Security Contributions	16-495-034-5095-003	7/1/15 - 6/30/16	1,359,354	(65,138)	65,138							1,359,354
Homeless Tuition Reimbursement	N/A		5,287	(20,693)	20,693							5,287
Homeless Tuition Reimbursement	N/A		20,693		20,693							20,693
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16 - 6/30/17	1,626,877		1,626,877							1,626,877
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16 - 6/30/17	1,884,230		1,884,230							1,884,230
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16 - 6/30/17	68,270		68,270							68,270
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16 - 6/30/17	3,452		3,452							3,452
Total General Fund				(1,270,831)	13,388,814	(13,515,340)				(602,245)	23,329,110	23,329,110
Total NJ Department of Education				(1,270,831)	13,388,814	(13,515,340)				(602,245)	23,329,110	23,329,110
New Jersey Department of Agriculture:												
Food Service Fund:												
State School Lunch Program (State Share)	17-100-010-3350-023	7/1/16 - 6/30/17	3,832		3,502	(3,832)				(330)	3,832	3,832
State School Lunch Program (State Share)	16-100-010-3350-023	7/1/15 - 6/30/16	3,981	(255)	255							3,981
Total NJ Department of Agriculture				(255)	3,757	(3,832)				(330)	7,813	7,813

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2017		Memo
				Budgetary Accounts Receivable	Accounts Receivable				GAAP Accounts Receivable	Budgetary Receivable	
NJ Schools Development Authority:											
New School and various improvements	5520-various	7/1/03-6/30/06	\$ 6,871,136	\$ (1,399,064)	\$ 1,103,978			\$ 295,086		\$ 6,871,136	
Asbestos Removal Middle School Security Projects - All Schools	5520-035-03-0772 5520-030-14-1003, 1004, 1006, 1007	7/1/04-6/30/07	179,120	(29,892)				29,892		179,120	
HVAC Project - Flocktown	5520-030-13-2002	7/1/13-6/30/17	471,599	(471,599)					\$ (471,599)	\$ (471,599)	
Air Conditioning Project Old Farmer's Road School	5520-040-14-1005	7/1/13-6/30/17	518,800	(103,760)					(103,760)	(112,233)	
Total Schools Development Authority			39,992	(35,800)	1,103,978			324,978	(35,800)	(35,800)	
Total State Awards Subject to Single Audit Determination				(2,040,115)	1,103,978				(611,159)	(619,632)	
				\$ (3,311,201)	14,496,549			\$ 324,978	\$ (1,213,734)	\$ (2,017,319)	
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	(1,626,877)		(1,626,877)		1,626,877				
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	(1,884,230)		(1,884,230)		1,884,230				
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	(68,270)		(68,270)		68,270				
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	(3,452)		(3,452)		3,452				
Subtotal - On-Behalf TPAF Pension System Contributions					(3,582,829)		3,582,829				
Total State Awards Subject to Single Audit Major Program Determination					\$ 10,913,720		\$ (9,936,343)				

N/A Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

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

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Washington Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(913) for the general fund and \$8,473 for the capital projects fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects fund.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 13,514,427	\$13,514,427
Special Revenue Fund	\$ 620,572		620,572
Capital Projects Fund		92,876	92,876
Food Service Fund	49,875	3,832	53,707
Total Awards	<u>\$ 670,447</u>	<u>\$ 13,611,135</u>	<u>\$14,281,582</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has several grants awarded in the amount of \$8,317,417 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2017, \$8,558,717 has been expended and \$7,614,107 has been drawn down and received. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2017 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

<u>State:</u>	<u>State Grant Number/ CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 5,580,975	\$ 5,580,975
Categorical Security Aid	17-495-034-5120-084	7/1/16-6/30/17	176,840	176,840
Categorical Special Education Aid	17-495-034-5120-011	7/1/16-6/30/17	1,591,751	1,591,751
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	359,036	359,036
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	22,680	22,680
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	22,680	22,680
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	21,280	21,280

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

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

There were no prior year recommendations.