

SCHOOL DISTRICT
OF
WASHINGTON TOWNSHIP

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

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

Comprehensive Annual

Financial Report

of the

**Washington Township School District
Board of Education**

Washington, New Jersey

For the Fiscal Year Ending June 30, 2017

Prepared by

Washington Township School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section

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

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

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

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

September 30, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Washington Township School District (District) for the fiscal year ended June 30, 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 Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels PreK through 6. These include regular, as well as special education for handicapped youngsters. The District completed the 2016-2017 fiscal year with an enrollment of 467 students, which is 22 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Resident Enrollment
6/30/xx

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
6/30/17	467	4.5% decrease
6/30/16	489	6.1% decrease
6/30/15	521	4.9% decrease
6/30/14	548	8.7% decrease
6/30/13	600	0.6% decrease
6/30/12	604	1.7% decrease
6/30/11	615	5.0% decrease
6/30/10	651	.8% increase
6/30/09	646	.9 % decrease
6/30/08	652	3.7% decrease
6/30/07	677	.7% increase

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

3. MAJOR INITIATIVES: The Washington Township Board of Education is committed to student achievement and excellence. The District's initiatives for the 2016-17 school year reflected the Board's commitment to students.

This year, the District has realigned its language arts and mathematics curricula to meet the enhanced expectations of the New Jersey Learning Standards. Throughout the year, resources will be reviewed to match the skills addressed by the standards and PARCC assessments. Staff members will be working with a math consultant to improve math instruction pedagogy and develop rigorous student centered lessons.

To improve the learning environment for students, the District made significant investments in its buildings. Some of the projects completed this year included: complete renovation of the Port Colden School Media Center, painting of classrooms, refinished classroom floors, LED lighting installation, and STEM rooms, which were created in both Brass Castle and Port Colden Schools.

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

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

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

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

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

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service revenues for the fiscal year ended June 30, 2017 and the amount and percentage of increases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Local Sources	\$ 6,127,029	60.00%	\$ 169,828	2.85%
State Sources	3,867,839	37.88%	122,467	3.27%
Federal Sources	216,837	2.12%	(12,249)	- 5.35%
Total	\$10,211,705	100.00%	\$ 280,046	2.82%
	=====	=====	=====	=====

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2017 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Current expense:				
Instruction	\$3,511,405	35.33%	\$(199,056)	-5.36%
Undistributed Expenditures	<u>5,629,696</u>	<u>56.64%</u>	<u>(111,382)</u>	<u>-1.94%</u>
Total	\$9,141,101	91.97%	\$(310,438)	-3.28%
Capital Outlay	521,279	5.24%	325,407	166.13%
Special Revenue	<u>276,412</u>	<u>2.78%</u>	<u>(2,974)</u>	<u>- 1.06%</u>
Total	\$9,938,792	100.00%	\$ 11,995	.12%
	=====	=====	=====	=====

8. DEBT ADMINISTRATION: At June 30, 2017, the District's had no outstanding debt issues.

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

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

11. OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Company, LLP, was appointed by the Washington Township Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGMENTS:

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

Respectfully submitted

Signature:

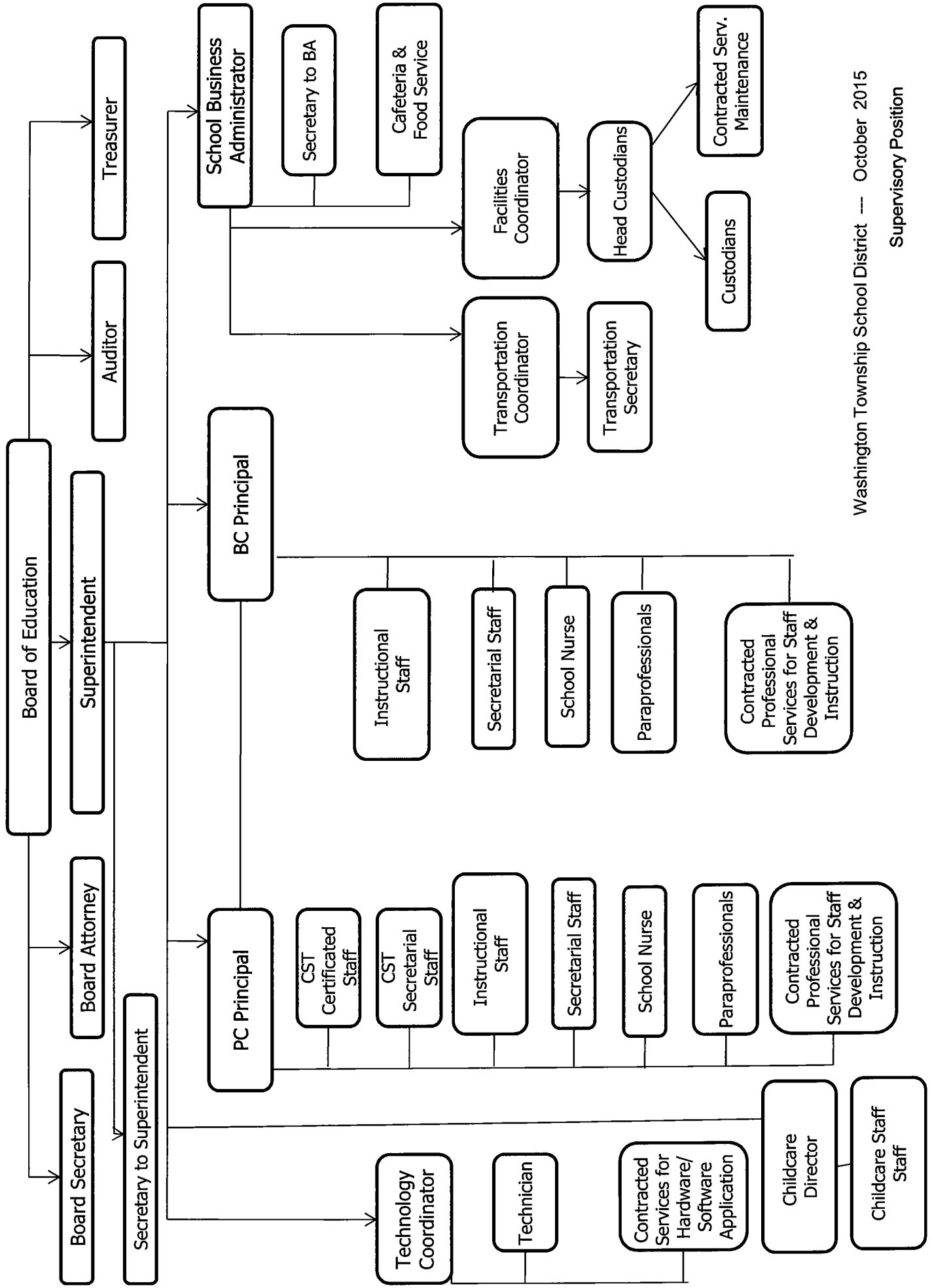
A handwritten signature in cursive script, appearing to read "Jan Lips", written over a horizontal line.

Business Administrator

Signature:

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

Superintendent/CSA



**WASHINGTON TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Karen Graf, President	2019
Joesph Armstead, Vice-President	2018
Anita Smith	2018
Jude Mohan	2017
Kimberley Morris	2019
Lauren Schlaffer	2017
Cheryl Noll	2017

Other Officials

Keith T. Neuhs, Superintendent

Jean Flynn, Board Secretary/School Business Administrator

Nathana Simon, Attorney

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ARCHITECT

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

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORY

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

Financial Section

Independent Auditor's Report



ARDITO & Co., LLP

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e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Washington Township School District Board of Education, as of and for the year ended June 30, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

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

Other Information

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

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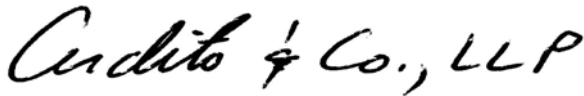
The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2017, on our consideration of the Washington Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP
August 31, 2017



Licensed Public School Accountant No. 2369

**Required Supplementary Information -
Part I**

Management's Discussion and Analysis

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

The discussion and analysis of Washington Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- ◆ In total, Net Position increased \$334,504 which represents a 148.7% increase from 2016.
- ◆ General revenues accounted for \$6,026,237 in revenue or 48.8% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$6,311,826 or 51.2% of total revenues of \$12,338,063.
- ◆ Total assets of governmental activities decreased by \$601,408, as cash and cash equivalents decreased by \$784,785, receivables decreased by \$51,995, and capital assets increased by \$233,113.
- ◆ The School District had \$12,003,559 in expenses; only \$6,311,826 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$6,026,237 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$9,935,293 in revenues and \$9,662,380 in expenditures. The General Fund's surplus balance increased \$272,913 over 2016, which compares favorably to the budgeted decrease of \$239,729.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District’s Net Position for 2017 compared to 2016.

	Table 1	
	Net Position	
	<u>2017</u>	<u>2016</u>
Assets		
Current and Other Assets	\$ 950,907	\$ 1,785,428
Capital Assets	<u>2,592,039</u>	<u>2,358,926</u>
Total Assets	<u>3,542,946</u>	<u>4,144,354</u>
Deferred Outflows of Resources	<u>1,065,784</u>	<u>478,129</u>
Liabilities		
Long-Term Liabilities	47,955	39,700
Other Liabilities	<u>3,674,866</u>	<u>3,961,890</u>
Total Liabilities	<u>3,722,821</u>	<u>4,001,590</u>
Deferred Inflows of Resources	<u>326,449</u>	<u>395,937</u>
Net Position		
Invested in Capital Assets, Net of Debt	2,592,039	2,358,926
Restricted	736,783	428,561
Unrestricted	<u>(2,769,362)</u>	<u>(2,562,531)</u>
Total Net Position	<u>\$ 559,460</u>	<u>\$ 224,956</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

Total assets of governmental activities decreased by \$601,408, as cash and cash equivalents decreased by \$784,785, receivables decreased by \$51,995, and capital assets increased by \$233,113.

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

Table 2 shows the changes in Net Position from fiscal year 2016.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 267,962	\$ 277,359
Operating Grants and Contributions	6,043,864	5,339,321
General Revenues:		
Property Taxes	5,960,118	5,843,253
Investment Earnings	4,360	2,926
Other	<u>61,759</u>	<u>12,322</u>
Total Revenues	<u>12,338,063</u>	<u>11,475,181</u>
Program Expenses		
Instruction	6,194,597	5,911,613
Support Services:		
Tuition	-	-
Pupils and Instructional Staff	2,092,454	2,206,916
General Administration, School Administration, Business	1,425,796	1,215,243
Operations and Maintenance of Facilities	1,141,486	1,083,095
Pupil Transportation	746,547	696,248
Business-Type Activities	235,576	199,940
Interest and Fiscal Charges	<u>167,103</u>	<u>130,332</u>
Total Expenses	<u>12,003,559</u>	<u>11,443,387</u>
Increase in Net Position	<u>\$ 334,504</u>	<u>\$ 31,794</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 48.3% percent of revenues for governmental activities for the Washington Township School District for the fiscal year 2017.

Instruction comprises 51.6% of district expenses. Support services expenses make up 45.0% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Instruction	\$ 6,194,597	\$ 3,038,117	\$5,911,613	\$3,114,557
Support Services:				
Tuition	-	-	-	-
Pupils and Instructional Staff	2,092,454	888,165	2,206,916	1,065,195
General Admin., School Admin., Business	1,425,796	722,824	1,215,243	667,396
Operation and Maintenance of Facilities	1,141,486	578,691	1,083,095	594,822
Pupil Transportation	746,547	277,679	696,248	283,671
Business-Type Activities	235,576	19,154	199,940	(29,266)
Interest and Fiscal Charges	<u>167,103</u>	<u>167,103</u>	<u>130,332</u>	<u>130,332</u>
Total Expenses	<u>\$ 12,003,559</u>	<u>\$ 5,691,733</u>	<u>\$ 11,443,387</u>	<u>\$ 5,826,707</u>

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

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

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

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

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

The dependence upon tax revenues is apparent. Over 49.0% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 45.6%. The community, as a whole, is the primary support for the Washington Township School District.

The School District's Funds

Information about the School District's major funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$10,211,705 and expenditures of \$9,938,792. The General Fund's surplus balance increased \$272,913 over 2016, which compares favorably to the budgeted decrease of \$239,729.

General Fund Budgeting Highlights

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

During the course of the fiscal 2017 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$8,790,220, \$71,065 over original budgeted estimates of \$8,719,155. This difference was due primarily to an increase in extraordinary aid and other miscellaneous revenue.

General fund revenues exceeded expenditures by \$272,913. Again this surplus compares to a budgeted deficit of \$239,729.

Overall general fund balance (budget basis) was \$1,093,902, and amounts ear-marked and reserved for future purposes were \$820,464, creating a surplus in unreserved fund balance of \$273,438. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

Capital Assets

At the end of the fiscal year 2017, the School District had \$2,578,643 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2017 balances compared to 2016.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

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

	<u>2017</u>	<u>2016</u>
Land	\$ 24,507	\$ 24,507
Land Improvements	12,028	14,246
Buildings and Improvements	2,328,065	2,094,118
Machinery and Equipment	<u>214,043</u>	<u>208,193</u>
 Totals	 <u>\$ 2,578,643</u>	 <u>\$ 2,341,064</u>

Overall governmental fund capital assets increased \$237,579 from fiscal year 2016 to fiscal year 2017. The increase in capital assets was due to capital additions, net of depreciation expense for the year.

Capital improvements of \$521,279 were purchased during fiscal year 2017. This includes the Brass Castle HVAC and control project as well as various technology equipment.

Debt Administration

At June 30, 2017, the School District had \$47,955 as outstanding long term debt. Of this amount, \$47,955 is for compensated absences.

At June 30, 2017, the School District’s overall legal debt margin was \$21,459,997 and the unvoted debt margin was the same.

For the Future

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

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

Contacting the School District’s Financial Management

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

Basic Financial Statements

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2017

	GOVERNMENTAL		BUSINESS-TYPE
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 684,212	\$ 68,538	\$ 752,750
Receivables, Net	187,492	2,983	190,475
Interfund Receivable	2,983		2,983
Inventory		4,699	4,699
Capital Assets, Net (Note 6):	2,578,643	13,396	2,592,039
Total Assets	3,453,330	89,616	3,542,946
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	1,065,784		1,065,784
LIABILITIES			
Accounts Payable		6,964	6,964
Interfund Payable		2,983	2,983
Unearned Revenue	37,024	2,138	39,162
Net Pension Liability (Note 8)	3,625,757		3,625,757
Noncurrent Liabilities (Note 7):			
Due Within One Year			
Due Beyond One Year	47,955		47,955
Total Liabilities	3,710,736	12,085	3,722,821
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	326,449		326,449
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,578,643	13,396	2,592,039
Restricted for:			
Capital Reserve	365,141		365,141
Maintenance Reserve	318,877		318,877
Other	52,765		52,765
Unrestricted	(2,833,497)	64,135	(2,769,362)
Total Net Position	\$ 481,929	\$ 77,531	\$ 559,460

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 4,473,903		\$ 2,308,113		\$ (2,165,790)	\$ (2,165,790)
Special Education	1,223,714		603,337		(620,377)	(620,377)
Other Special Instruction	496,980		245,030		(251,950)	(251,950)
Support Services:						
Tuition	-		-		-	-
Student & Instruction Related Services	2,092,454		1,204,289		(888,165)	(888,165)
School Administrative Services	534,092		263,328		(270,764)	(270,764)
General and Business Admin. Services	891,704		439,644		(452,060)	(452,060)
Plant Operations and Maintenance	1,141,486		562,795		(578,691)	(578,691)
Pupil Transportation	746,547	\$ 100,792	368,076		(277,679)	(277,679)
Unallocated Depreciation	167,103				(167,103)	(167,103)
Total Governmental Activities	11,767,983	100,792	5,994,612		(5,672,579)	(5,672,579)
Business-Type Activities:						
Child Care	101,595	75,855				\$ (25,740)
Food Service	133,981	91,315	49,252			6,586
Total Business-Type Activities	235,576	167,170	49,252	-	-	(19,154)
Total Primary Government	\$ 12,003,559	\$ 267,962	\$ 6,043,864		\$ (5,672,579)	\$ (19,154)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net					\$ 5,960,118	\$ 5,960,118
Investment Earnings					4,360	4,360
Miscellaneous Income					61,759	61,759
Total General Revenues, Special Items, Extraor. Items & Transfers					6,026,237	-
Change in Net Position					353,658	\$ (19,154)
Net Position—Beginning					128,271	96,685
Net Position—Ending					\$ 481,929	\$ 77,531
						\$ 559,460

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

DISTRICT-WIDE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 684,212		\$ 684,212
Interfund Receivable	77,192		77,192
Other Receivables	22,101		22,101
Receivables from Other Governments	54,158	\$ 111,233	165,391
TOTAL ASSETS	\$ 837,663	\$ 111,233	\$ 948,896
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund Payable		\$ 74,209	\$ 74,209
Unearned Revenue		37,024	37,024
Total Liabilities	-	111,233	111,233
Fund Balances:			
<u>Restricted for:</u>			
Capital Reserve Account	\$ 365,141		365,141
Maintenance Reserve	318,877		318,877
<u>Assigned to:</u>			
Year-End Encumbrances	83,681		83,681
Designated for Subsequent Year's Expenditures	52,765		52,765
<u>Unassigned:</u>			
Capital Projects Fund			-
General Fund - Undesignated	17,199		17,199
Total Fund Balances	837,663		837,663
TOTAL LIABILITIES AND FUND BALANCE	\$ 837,663	\$ 111,233	\$ 948,896

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

The cost of the assets is \$6,937,353 and the accumulated depreciation is \$4,358,710.

\$ 2,578,643

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

1,065,784

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

(326,449)

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

(3,625,757)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).

(47,955)

Net Position of governmental activities

\$ 481,929

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local sources:			
Local Tax Levy	\$ 5,960,118		\$ 5,960,118
Other Local Governmental Units-Unrestricted	100,792		100,792
Interest Earned on Capital Reserve Funds	-		-
Miscellaneous	64,649	\$ 1,470	66,119
Total - Local Sources	6,125,559	1,470	6,127,029
State Sources	3,809,734	58,105	3,867,839
Federal Sources		216,837	216,837
Total Revenues	9,935,293	276,412	10,211,705
EXPENDITURES			
Current:			
Regular Instruction	2,487,524	103,782	2,591,306
Special Education Instruction	728,158		728,158
Other Special Instruction	295,723		295,723
Support services and undistributed costs:			
Tuition	-		-
Student and Instruction Related Services	1,072,463	172,630	1,245,093
School Administrative Services	277,252		277,252
Other Administrative Services	530,599		530,599
Plant Operations and Maintenance	665,774		665,774
Pupil Transportation	444,225		444,225
Unallocated Benefits	2,594,576		2,594,576
Transfer to Charter School	44,807		44,807
Capital Outlay	521,279		521,279
Total Expenditures	9,662,380	276,412	9,938,792
Excess (Deficiency) of Revenues Over Expenditures	272,913		272,913
Net Change in Fund Balances	272,913		272,913
Fund Balance—July 1	564,750		564,750
Fund Balance—June 30	\$ 837,663		\$ 837,663

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 272,913

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

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

Depreciation Expense	\$ (283,700)	
Capital Outlays	<u>521,279</u>	237,579

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

(148,579)

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

(8,255)

Change in Net Position of Governmental Activities **\$ 353,658**

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

June 30, 2017

	Business-Type Activities- Enterprise Funds		
	<u>Food Service</u>	<u>Child Care</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 18,955	\$ 49,583	\$ 68,538
Accounts Receivable	2,983		2,983
Inventories	4,699		4,699
Total Current Assets	26,637	49,583	76,220
Noncurrent Assets:			
Furniture, Machinery and Equipment	93,828		93,828
Less Accumulated Depreciation	(80,432)		(80,432)
Total Noncurrent Assets	13,396	-	13,396
Total Assets	40,033	49,583	89,616
LIABILITIES			
Current liabilities:			
Accounts Payable	6,964		6,964
Due Current Fund	2,983		2,983
Deferred Revenue	2,138		2,138
Total Current Liabilities	12,085	-	12,085
Total Liabilities	12,085	-	12,085
NET POSITION			
Invested in Capital Assets Net of Related Debt	13,396	-	13,396
Unrestricted	14,552	49,583	64,135
Total Net Position	\$ 27,948	\$ 49,583	\$ 77,531

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities-		
	Enterprise Fund		
	Food Service	Child Care	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 83,854		\$ 83,854
Daily Sales - Non-Reimb. Programs	7,461		7,461
Miscellaneous		\$ 75,855	75,855
Total Operating Revenues	91,315	75,855	167,170
 Operating Expenses:			
Cost of Sales - Reimbursable Programs	57,436		57,436
Cost of Sales - Non-reimbursable Programs	3,105		3,105
Salaries	40,979	58,122	99,101
Employee Benefits	10,044	13,946	23,990
Supplies	4,889		4,889
Other Purchased Professional Services	8,989	193	9,182
Miscellaneous	4,073	29,334	33,407
Depreciation	4,466		4,466
Total Operating Expenses	133,981	101,595	235,576
 Operating Income (Loss)	 (42,666)	 (25,740)	 (68,406)
 Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	1,538		1,538
Federal Sources:			
National School Lunch Program	40,820		40,820
Food Distribution Program	6,894		6,894
Total Nonoperating Revenues (Expenses)	49,252		49,252
 Change in Net Position	 6,586	 (25,740)	 (19,154)
Total Net Position—Beginning	21,362	75,323	96,685
Total Net Position—Ending	\$ 27,948	\$ 49,583	\$ 77,531

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2017

	Business-Type Activities- Enterprise Funds		
	<u>Food Service</u>	<u>Child Care</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 91,315	\$ 75,855	\$ 167,170
Payments to Employees	(40,979)	(58,122)	(99,101)
Payments for Employee Benefits	(10,044)	(13,946)	(23,990)
Payments to Suppliers	(76,180)	(29,527)	(105,707)
Net Cash Provided by (used for) Operating Activities	(35,888)	(25,740)	(61,628)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	1,532		1,532
Federal Sources	40,753		40,753
Operating Transfers to Other Funds	-	-	-
Net Cash Provided by (used for) Non-Capital Financing Activities	42,285	-	42,285
Net Increase (Decrease) in Cash and Cash Equivalents	6,397	(25,740)	(19,343)
Balances—Beginning of Year	12,558	75,323	87,881
Balances—End of Year	\$ 18,955	\$ 49,583	\$ 68,538
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	\$ (42,666)	\$ (25,740)	\$ (68,406)
Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	4,466		4,466
Federal Commodities	6,894		6,894
Interest Income			-
(Increase) Decrease in Accounts Receivable			-
(Increase) Decrease in Inventories	(2,259)		(2,259)
Increase (Decrease) in Accounts Payable	(2,323)		(2,323)
Total Adjustments	6,778	-	6,778
Net Cash Provided by (used for) Operating Activities	\$ (35,888)	\$ (25,740)	\$ (61,628)

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2017

		Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
	ASSETS		
Cash and Cash Equivalents		\$ 125,757	\$ 15,197
	Total Assets	<u>125,757</u>	<u>15,197</u>
	LIABILITIES		
Accounts Payable			761
Payable to Student Groups			12,188
	Total Liabilities		<u>12,949</u>
	NET POSITION		
Held in Trust for Unemployment Claims & Other Purposes		<u>\$ 125,757</u>	<u>\$ 2,248</u>

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

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

For the Year Ended June 30, 2017

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 9,383
Total Contributions	<u>9,383</u>
Investment Earnings:	
Interest	436
Net Investment Earnings	<u>436</u>
Total Additions	<u>9,819</u>
DEDUCTIONS	
Unemployment Claims	<u>21,390</u>
Total Deductions	<u>21,390</u>
Change in Net Position	(11,571)
Net Position—Beginning of the Year	<u>137,328</u>
Net Position—End of the Year	<u>\$ 125,757</u>

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

Notes to Financial Statements

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity:

The Washington Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Washington Township School District had an approximate enrollment at June 30, 2017, of 467 students.

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

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

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the District reports the following fund type:

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

Measurement Focus - Basis of Accounting

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

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

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

D. Encumbrance Accounting:

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

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

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

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

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

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

Fund Balance Reserves:

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

Revenues—Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2017, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

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

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (B-7)</u>	<u>Total</u>
Checking Accounts	\$ 752,750	\$ 140,954	\$ 893,704
	<u>\$ 752,750</u>	<u>\$ 140,954</u>	<u>\$ 893,704</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$893,704 and the bank balance was \$1,057,100. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$807,100 was covered by collateral pool.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 3: RECEIVABLES

Receivables at June 30, 2017, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$ 54,158	\$ 54,271
Federal Aid	111,233	114,103
Local - Transportation	<u>22,101</u>	<u>22,101</u>
Gross Receivable	\$ 187,492	\$ 190,475
Less: Allow. for Uncollectibles		
Total Receivables, Net	<u>\$ 187,492</u>	<u>\$ 190,475</u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2017, consisted of the following:

Food	<u>\$4,699</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 6: CAPITAL ASSETS

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 24,507			\$ 24,507
Total Capital Assets Not Being Depreciated	<u>24,507</u>			<u>24,507</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	184,641			184,641
Buildings and Building Improvements	4,573,773	\$ 367,697		4,941,470
Machinery and Equipment	1,633,153	153,582		1,786,735
Total at Historical Cost	<u>6,416,074</u>	<u>521,279</u>		<u>6,937,353</u>
Less Accumulated Depreciation for:				
Land Improvements	(170,395)	(2,218)		(172,613)
Building and Improvements	(2,479,655)	(133,750)		(2,613,405)
Equipment	(1,424,960)	(147,732)		(1,572,692)
Total Accumulated Depreciation	<u>(4,075,010)</u>	<u>(283,700)</u>		<u>(4,358,710)</u>
	<u>2,341,064</u>	<u>237,579</u>		<u>2,578,643</u>
Government Activity Capital Assets, Net	<u>\$ 2,341,064</u>	<u>\$ 237,579</u>		<u>\$ 2,578,643</u>

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 62,588
School Administrative Services	40,554
Plant Operation and Maintenance	13,455
Unallocated	<u>167,103</u>
Total	<u>\$ 283,700</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 7: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2017, are as follows:

	Balance 7/1/16	Increases	Decreases	Balance 6/30/16	Amounts Due Within One Year
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$39,700	\$8,255		\$47,955	
Total	\$39,700	\$8,255		\$47,955	

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

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

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

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

For the year ended June 30, 2017, it is not necessary for the Board to establish a liability for arbitrage rebate.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

B. Debt Service Requirements:

As of June 30, 2017, there are no outstanding debt obligations.

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

NOTE 8: PENSION PLANS

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

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

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$31,719,568 as measured on June 30, 2016 and \$26,812,532 as measured on June 30, 2015.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$2,383,284 and revenue of \$2,383,284 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2015 and June 30, 2016.

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

	<u>6/30/2015</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$7,521,378,257	\$17,440,003,201
Collective deferred inflows of resources	\$554,399,005	\$195,027,919
Collective net pension liability (Nonemployer-State of New Jersey)	\$63,204,270,305	\$78,666,367,052
State's portion of the net pension liability that was associated with the district	\$26,812,532	\$31,719,568
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.042422%	0.040322%

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:	2.50%
Salary Increases:	
Through 2021	Varies based on experience
Therafter	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-year average of Social Security data from 1953 to 2013.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	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%

Discount rate - 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 on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

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

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

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

At June 30, 2017, the District reported a liability of \$3,625,757 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 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 total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016 and 2015. At June 30, 2016, the District's proportion was 0.01224% which was a decrease of 0.00032% from its proportion measured as of June 30, 2015.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$258,365. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 67,428	-
Changes of assumptions	751,063	
Net difference between projected and actual earnings on pension plan investments	138,253	
Changes in proportion and differences between District contributions and proportionate share of contributions	-	\$ 326,449
District contributions subsequent to the measurement date	109,040	
Total	<u>\$ 1,065,784</u>	<u>\$ 326,449</u>

\$109,040 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability measured as of June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>	
	2017	\$141,905
	2018	141,905
	2019	164,402
	2020	138,122
	2021	<u>43,961</u>
	Total	<u>\$630,295</u>

	<u>6/30/2015</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$3,578,755,666	\$8,685,338,380
Collective deferred inflows of resources	993,410,455	870,133,595
Collective net pension liability (Non State - Local Group)	\$22,447,996,119	\$29,617,131,759
District's portion of net pension liability	\$2,820,035	\$3,625,757
District's proportion %	0.01256252%	0.01224209%

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

Inflation:	3.08%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Therafter	2.65%-5.15% based on age
Investment Rate of Return:	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 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%	0.87%
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 US 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 I Absolute	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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 on contribution rate in the most recent fiscal year.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate. The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(2.98%)</u>	<u>(3.98%)</u>	<u>(4.98%)</u>
District's proportionate share of the net pension liability	\$ 4,442,942	\$3,625,757	\$ 2,951,100

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

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

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

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 8: PENSION PLANS (Continued)

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

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

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2017	\$109,040	100 %	-0-
6/30/2016	\$113,481	100	-0-
6/30/2015	\$113,649	100	-0-

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2017	\$473,348	100 %	-0-
6/30/2016	\$322,830	100	-0-
6/30/2015	\$229,349	100	-0-

During the fiscal year ended June 30, 2017, the State of New Jersey did contribute \$866,490 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$282,932 during the year ended June 30, 2017, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program 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.

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

NOTE 10: DEFERRED COMPENSATION

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

Lincoln Investment Planning
LIP
Legend
Oppenheimer Shareholder

NOTE 11: COMPENSATED ABSENCES

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 11: COMPENSATED ABSENCES-(Continued)

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, no liability existed for compensated absences in the proprietary fund types.

NOTE 12: RISK MANAGEMENT

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$436	\$9,383	\$21,390	\$125,757
2015-2016	\$193	\$9,318	\$1,146	\$137,328
2014-2015	\$194	\$10,151	\$16,402	\$128,963

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

The Board is not involved in claims and lawsuits incidental to its operations.

NOTE 14: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$837,663 General Fund fund balance at June 30, 2017, \$365,141 has been reserved in the Capital Reserve Account; \$318,877 has been reserved in the Maintenance Reserve Account; \$83,681 is reserved for encumbrances; \$52,765 is reserved and has been appropriated and included as anticipated revenue for the year ending June 30, 2018; and, \$17,199 is unreserved and undesignated.

NOTE 15: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$0.

NOTE 16: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Washington Township School District Board of Education by inclusion of \$100,000 in the original 1998-99 annual capital outlay budget for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 16: CAPITAL RESERVE ACCOUNT-(Continued)

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	\$ 304,536
Withdrawal - Budgeted	(139,395)
Deposits (PL 2007 c.62 (A1)) ; Board Resolution: June 12, 2017	200,000
Ending Balance, June 30, 2017	<u><u>\$ 365,141</u></u>

NOTE 17: MAINTENANCE RESERVE ACCOUNT

A Maintenance Reserve account was established by the School District Board of Education in fiscal year 2017, for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning balance July 1, 2016	\$ 123,103
Deposits (PL 2007 c.62 (A1)) ; Board Resolution: June 12, 2017	225,000
Withdrawal - Approved	(29,226)
Ending balance June 30, 2017	<u><u>\$ 318,877</u></u>

NOTE 18: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 77,192	-
Special Revenue Fund		\$ 74,209
	<u><u>\$ 77,192</u></u>	<u><u>\$ 74,209</u></u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

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

NOTE 19: UNEARNED REVENUE

The balance of unearned revenue of \$37,024 is related to unspent portions of federal awards.

NOTE 20: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,960,118		\$ 5,960,118	\$ 5,960,118	-
Other Local Governmental Units-Unrestricted	100,792		100,792	100,792	-
Miscellaneous				64,649	\$ 64,649
Total - Local Sources	6,060,910		6,060,910	6,125,559	64,649
State Sources:					
Equalization Aid	1,702,476		1,702,476	1,702,476	
Transportation Aid	258,367		258,367	258,367	
Special Education Aid	329,211		329,211	329,211	
Security Aid	47,406		47,406	47,406	
Adjustment Aid	286,365		286,365	286,365	
PARCC Readiness Grant	4,950		4,950	4,950	
Per Pupil Growth Aid	4,950		4,950	4,950	
Prof Learning Comm Aid	4,520		4,520	4,520	
Other State Aid	20,000		20,000	26,416	6,416
TPAF Pension (On-Behalf - Non-Budgeted)				471,831	471,831
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				393,142	393,142
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				1,517	1,517
TPAF Social Security (Reimbursed - Non-Budgeted)				282,932	282,932
Total State Sources	2,658,245		2,658,245	3,814,083	1,155,838
TOTAL REVENUES	8,719,155		8,719,155	9,939,642	1,220,487

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	245,313	(17,600)	227,713	197,090	30,623
Grades 1-5 - Salaries of Teachers	1,687,632	(23,704)	1,663,928	1,642,885	21,043
Grades 6-8 - Salaries of Teachers	451,876		451,876	447,112	4,764
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000	7,000	8,000	7,260	740
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	2,700	(294)	2,406	2,184	222
Purchased Technical Services	30,120	10,671	40,791	40,791	
Other Purchased Services (400-500 series)	27,900	10,600	38,500	38,452	48
General Supplies	113,661	1,231	114,892	101,151	13,741
Textbooks	40,000		40,000	10,599	29,401
Other Objects	6,000		6,000		6,000
TOTAL REG. PROGRAMS - INSTRUCTION	2,606,202	(12,096)	2,594,106	2,487,524	106,582
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	105,741	5,623	111,364	110,804	560
Other Salaries for Instruction	19,056		19,056	17,953	1,103
General Supplies	100	(23)	77		77
Total Resource Room/Resource Center	124,897	5,600	130,497	128,757	1,740
Resource Room/Resource Center:					
Salaries of Teachers	409,278	91,543	500,821	500,821	
Total Resource Room/Resource Center	409,278	91,543	500,821	500,821	

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	88,735	722	89,457	87,897	1,560
Other Salaries for Instruction	16,000	(3,464)	12,536	9,863	2,673
General Supplies	100		100		100
Total Preschool Disabilities - Part-Time	104,835	(2,742)	102,093	97,760	4,333
Home Instruction:					
Salaries of Teachers	1,000	3,000	4,000	820	3,180
Total Home Instruction	1,000	3,000	4,000	820	3,180
TOTAL SPECIAL ED. - INSTRUCTION	640,010	97,401	737,411	728,158	9,253
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	324,949	(3,000)	321,949	263,844	58,105
General Supplies	1,000		1,000	551	449
Total Basic Skills/Remedial - Instruction	325,949	(3,000)	322,949	264,395	58,554
School Spon.Co/Extra Curricular Actvts.-Instruction:					
Salaries	20,000	(440)	19,560	19,560	
General Supplies	2,000	2,167	4,167	4,164	3
Total School Spon.Co/Extra Curricular Actvts.-Instruction	22,000	1,727	23,727	23,724	3
Summer School - Instruction:					
Salaries of Teachers	7,000	(172)	6,828	6,828	
Other Salaries for Instruction	1,900	(1,124)	776	776	
Total Summer School - Instruction	8,900	(1,296)	7,604	7,604	
TOTAL INSTRUCTION	3,603,061	82,736	3,685,797	3,511,405	174,392

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNDISTRIBUTED EXPENDITURES					
Health Services:					
Salaries	131,776		131,776	111,583	20,193
Purchased Professional and Technical Services	2,500		2,500	2,000	500
Supplies and Materials	5,600	19	5,619	3,563	2,056
Total Health Services	139,876	19	139,895	117,146	22,749
Other Supp. Services Students-Related Serv.:					
Salaries	116,033	(2,667)	113,366	95,306	18,060
Purchased Professional - Educational Services	135,000	24,267	159,267	108,918	50,349
Misc. Purchased Services (400-500 series)	300		300		300
Supplies and Materials	800		800	38	762
Total Other Supp. Serv. Students-Related Serv.	252,133	21,600	273,733	204,262	69,471
Other Supp. Services Students-Extra.Services:					
Salaries	472,374	(136,854)	335,520	329,007	6,513
Total Other Supp. Services Students-Extra.Services	472,374	(136,854)	335,520	329,007	6,513
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	45,471	200	45,671	45,662	9
Misc. Purchased Services (400-500 series)	200	(200)			
Supplies and Materials	400		400		400
Total Other Supp. Services Students-Regular	46,071		46,071	45,662	409
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	243,785	(49,409)	194,376	170,552	23,824
Salaries of Secretarial and Clerical Assistants	41,524		41,524	40,803	721
Purchased Professional - Educational Services		41,343	41,343	38,862	2,481
Other Purchased Professional and Technical Services	2,000		2,000	300	1,700
Misc. Purchased Services (400-500 series O/than Resid.Costs)	300	125	425	151	274
Supplies and Materials	2,700	(125)	2,575	827	1,748
Total Other Supp. Services Students-Special	290,309	(8,066)	282,243	251,495	30,748

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction Services:					
Salaries of Other Professional Staff	14,100	(1,400)	12,700	8,479	4,221
Purchased Professional - Educational Services		1,400	1,400	1,400	
Total Improvement of Instruction Services	14,100		14,100	9,879	4,221
Educational Media Services/School Library:					
Salaries	94,671		94,671	83,195	11,476
Purchased Professional - Technical Services	15,760		15,760	13,350	2,410
Supplies and Materials	11,400		11,400	8,103	3,297
Total Educational Media Services/School Library	121,831		121,831	104,648	17,183
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	15,000	294	15,294	10,364	4,930
Total Instructional Staff Training Services	15,000	294	15,294	10,364	4,930
Supp. Services - General Administration:					
Salaries	187,072	50	187,122	170,246	16,876
Legal Services	20,000	4,453	24,453	22,900	1,553
Audit Fees	15,310		15,310	15,310	
Other Purchased Professional Services	17,350	(1,961)	15,389	15,389	
Communications/Telephone	20,600	1,442	22,042	19,816	2,226
Other Purchased Services (400-500 series)	18,000	600	18,600	18,443	157
General Supplies	5,000	(471)	4,529	3,299	1,230
Judgements		15,000	15,000		15,000
Miscellaneous Expenditures	10,300	(600)	9,700	5,106	4,594
BOE Membership Dues and Fees	5,500		5,500	5,165	335
Total Supp. Services - General Administration	299,132	18,513	317,645	275,674	41,971
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	156,664		156,664	156,280	384
Salaries of Other Professional Staff	2,000		2,000	2,000	
Salaries of Secretarial and Clerical Assistants	105,240	670	105,910	102,406	3,504
Supplies and Materials	14,983	1,209	16,192	12,152	4,040
Other Objects	4,100	1,500	5,600	4,414	1,186
Total Support Services - School Administration	282,987	3,379	286,366	277,252	9,114

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Central Services:					
Salaries	137,284	230	137,514	134,258	3,256
Purchased Professional Services	1,200		1,200		1,200
Miscellaneous Purchased Services (400-500 series)	3,500	(1,530)	1,970	1,617	353
Supplies and Materials	3,000	(691)	2,309	1,777	532
Miscellaneous Expenditures	1,600		1,600	1,440	160
Total Central Services	146,584	(1,991)	144,593	139,092	5,501
Admin. Info.Tech.:					
Salaries	59,808	116	59,924	59,924	
Purchased Technical Services	41,171	11,735	52,906	52,872	34
Supplies and Materials	2,700	670	3,370	3,037	333
Total Admin. Info.Tech.	103,679	12,521	116,200	115,833	367
Required Maintenance for School Facilities:					
Salaries	20,000	(10,000)	10,000	9,998	2
Cleaning, Repair and Maintenance Services	124,116	14,190	138,306	123,665	14,641
General Supplies	18,400	16,999	35,399	33,361	2,038
Other Objects	1,000	400	1,400	892	
Total Required Maintenance for School Facilities	163,516	21,589	185,105	167,916	17,189
Other Operations and Maintenance of Plant:					
Salaries	247,614	622	248,236	248,236	
Cleaning, Repair and Maintenance Services	27,000	(4,037)	22,963	22,303	660
Other Purchased Property Services	10,500	(1,664)	8,836	8,036	800
Insurance	29,000	(4,106)	24,894	24,894	
Miscellaneous Purchased Services	200		200	83	117
General Supplies	31,900	3,026	34,926	33,789	1,137
Energy (Heat and Electricity)	120,000	(2,766)	117,234	105,633	11,601
Total Other Operations and Maintenance of Plant	466,214	(8,925)	457,289	442,974	14,315
Security:					
Purchased Professional and Technical Services	50,959		50,959	50,959	
General Supplies		3,925	3,925	3,925	
Total Security	50,959	3,925	54,884	54,884	

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Student Transportation Services					
Salaries for Pupil Transpor.(Between Home & School)-Regular	87,597		87,597	86,444	1,153
Other Purchased Professional - Technical Services	3,000		3,000	2,443	557
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	17,680		17,680	16,796	884
Contracted Services (Other than Bet. Home and Sch.)-Vendors	4,000		4,000		4,000
Contracted Services (Bet. Home and School)-Joint Agreements	253,000	7,821	260,821	256,250	4,571
Contracted Services (Special Education Students)-Vendors	44,100		44,100	39,379	4,721
Contracted Services (Special Education Students)-Joint Agrmnts.	43,000	(7,821)	35,179	35,179	
Supplies and Materials	6,500	138	6,638	4,246	2,392
Other Objects	3,800	800	4,600	3,488	1,112
Total Student Transportation Services	462,677	938	463,615	444,225	19,390
UNALLOCATED BENEFITS					
Social Security Contributions	126,500	(16,967)	109,533	104,386	5,147
Other Retirement Contributions-Regular PERS	122,200	(12,083)	110,117	109,040	1,077
Other Retirement Contributions-ERIP	7,500		7,500	6,916	584
Other Retirement Contributions-Regular	3,200	348	3,548	2,483	1,065
Workmen's Compensation	54,000		54,000	52,144	1,856
Health Benefits	1,038,343	13,700	1,052,043	1,042,437	9,606
Tuition Reimbursement	27,000		27,000	23,953	3,047
Other Employee Benefits	116,900		116,900	103,795	13,105
TOTAL UNALLOCATED BENEFITS	1,495,643	(15,002)	1,480,641	1,445,154	35,487
On-behalf TPAF pension Contrib. (non-budgeted)				471,831	(471,831)
On-behalf TPAF PRM Contrib. (non-budgeted)				393,142	(393,142)
On-behalf TPAF pension LTD Ins. (non-budgeted)				1,517	(1,517)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				282,932	(282,932)
TOTAL ON-BEHALF CONTRIBUTIONS				1,149,422	(1,149,422)
TOTAL PERSONAL SERV.-EMPLOYEE BENEFITS	1,495,643	(15,002)	1,480,641	2,594,576	(1,113,935)
TOTAL UNDISTRIBUTED EXPENDITURES	4,823,085	(88,060)	4,735,025	5,584,889	(849,864)

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
TOTAL GENERAL CURRENT EXPENSE	8,426,146	(5,324)	8,420,822	9,096,294	(675,472)
CAPITAL OUTLAY					
Equipment:					
Grades 1-5	39,346	85,320	124,666	97,880	26,786
Undistributed Expenditures - General Admin.		4,200	4,200	4,200	
Undistributed Expenditures - School Admin.	4,180	7,883	12,063	12,063	
Undistributed Expenditures - Admin Info Tech		26,824	26,824	26,824	
Undistributed Expenditures-Operation and Maint. Of Plant Serv.		20,873	20,873	12,615	8,258
Total Equipment	43,526	145,100	188,626	153,582	35,044
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Services		28,466	28,466	23,626	4,840
Construction Services	204,676	139,395	344,071	344,071	
Total Facilities Acquisition and Construction Services	204,676	167,861	372,537	367,697	4,840
TOTAL CAPITAL OUTLAY	248,202	312,961	561,163	521,279	39,884
Transfer to Charter School	44,807		44,807	44,807	
TOTAL EXPENDITURES	8,719,155	307,637	9,026,792	9,662,380	(635,588)
Excess (Deficiency) of Revenues Over (Under) Expenditures		(307,637)	(307,637)	277,262	584,899
Other Financing Sources:					
Operating Transfer (In)/Out:					
Capital Reserve - Transfer to Capital Projects	239,729	(239,729)			-
Total Other Financing Sources:	239,729	(239,729)	-	-	-

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(239,729)	(67,908)	(307,637)	277,262	584,899
Fund Balance, July 1	816,640		816,640	816,640	
Fund Balance, June 30	\$ 576,911	\$ (67,908)	\$ 509,003	\$ 1,093,902	\$ 584,899
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 365,141	
Maintenance Reserve				318,877	
Assigned to:					
Year-End Encumbrances				83,681	
Additional Assigned Fund Balance-Designated for Subsequent Year's Expenditures July 1, 2017-August 1, 2017				52,765	
Unassigned:					
Unrestricted Fund Balance				<u>273,438</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				1,093,902	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(256,239)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 837,663</u>	

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 3,101	\$ 3,101	\$ 1,470	\$ (1,631)
State Sources	\$ 46,000	13,603	59,603	59,603	-
Federal Sources	234,430	(400)	234,030	215,794	(18,236)
Total Revenues	280,430	16,304	296,734	276,867	(19,867)
EXPENDITURES:					
Instruction					
Salaries of Teachers	28,000	6,750	34,750	34,750	
Purchased Professional and Technical Services	38,500	9,504	48,004	47,944	60
Tuition	39,430	(39,430)	-	-	
General Supplies	20,500	(2,400)	18,100	16,344	1,756
Textbooks	5,000	764	5,764	5,764	
Total Instruction	131,430	(24,812)	106,618	104,802	1,816
Support Services					
Personal Services - Employee Benefits	5,000	2,918	7,918	7,918	
Purchased Professional and Technical Services	24,000	2,048	26,048	11,923	14,125
Purchased Professional Educational Services	106,000	31,259	137,259	137,259	
Other Purchased Services	2,000	1,800	3,800	3,800	
Supplies & Materials	12,000	3,091	15,091	11,165	3,926
Total Support Services	149,000	41,116	190,116	172,065	18,051
Total Expenditures	\$ 280,430	\$ 16,304	\$ 296,734	\$ 276,867	\$ 19,867
Total Outflows	\$ 280,430	\$ 16,304	\$ 296,734	\$ 276,867	\$ 19,867
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)					<u>None</u>
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis					<u>None</u>
Fund Balance per Governmental Funds(GAAP Basis)					<u>None</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-3

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2017

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 9,939,642	\$ 276,867
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	16,901
Current Year Encumbrances	N/A	(17,356)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	251,890	N/A
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	(256,239)	N/A
	<u>\$ 9,935,293</u>	<u>\$ 276,412</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 9,662,380	\$ 276,867
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	16,901
Current Year Encumbrances	N/A	(17,356)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	N/A	N/A
	<u>\$ 9,662,380</u>	<u>\$ 276,412</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 9,662,380</u>	<u>\$ 276,412</u>

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

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A						
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A						
State's proportionate share of the net pension liability (asset) associated with the District	\$ 31,719,568	\$ 26,812,532	\$ 23,047,511	\$ 21,385,336						
Total	\$ 31,719,568	\$ 26,812,532	\$ 23,047,511	\$ 21,385,336						
District's covered employee payroll	\$ 3,949,115	\$ 4,423,064	\$ 4,229,000	\$ 4,356,381						
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A						
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%						

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

Exhibit L-1

Public Employees' Retirement System (PERS)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District's proportion of the net pension liability (asset)	0.012242092%	0.012562522%	0.013785904%	0.014971872%						
District's proportionate share of the net pension liability (asset)	\$ 3,625,757	\$ 2,820,035	\$ 2,581,098	\$ 2,861,422						
District's covered employee payroll	\$ 713,754	\$ 1,428,437	\$ 1,424,061	\$ 1,283,928						
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	507.98%	197.42%	181.25%	222.86%						
Plan fiduciary net position as a percentage of the total pension liability (Local)	40.14%	47.92%	52.08%	48.72%						

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

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

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution **	N/A	N/A	N/A	N/A						
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A						
Contribution deficiency (excess)	N/A	N/A	N/A	N/A						
District's covered employee payroll	\$ 3,949,115	\$ 4,423,064	\$ 4,229,000	\$ 4,356,381						
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A						

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

Public Employees' Retirement System (PERS)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 109,040	\$ 113,649	\$ 113,481	\$ 118,664						
Contributions in relation to the contractually required contribution	(109,040)	(113,649)	(113,481)	(118,664)						
Contribution deficiency (excess)	-	-	-	-						
District's covered employee payroll	\$ 713,754	\$ 1,428,437	\$ 1,424,061	\$ 1,283,928						
Contributions as a percentage of covered-employee payroll	15.28%	7.96%	7.97%	9.24%						

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
Pension Schedules

For the Fiscal Year Ended June 30, 2017

Teachers' Pension and Annuity Fund (TPAF)

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

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

Public Employees' Retirement System (PERS)

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

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

OTHER SUPPLEMENTARY INFORMATION

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2017

	Title I Part A	Title I I Part A	IDEA Basic	IDEA Preschool	Non- Public Textbook	Non- Public Nursing	Non- Public Tech	Non- Public Security	Non- Public Speech	Non- Public Aux. Comp Ed.	Non- Public Handicap Exam	Non- Public Handicap Supplem.	Local	Totals
REVENUES														
Local Sources													\$ 1,470	\$ 1,470
State Sources					\$ 5,764	\$ 9,180	\$ 2,600	\$ 5,100	\$ 6,185	\$ 18,722	\$ 9,541	\$ 2,511		59,603
Federal Sources	\$ 37,483	\$ 12,344	\$ 154,883	\$ 11,084										215,794
TOTAL REVENUES	37,483	12,344	154,883	11,084	5,764	9,180	2,600	5,100	6,185	18,722	9,541	2,511	1,470	276,867
EXPENDITURES:														
Instruction:														
Salaries of Teachers	28,565								6,185					34,750
Purchased Profess. & Tech. Serv.			14,300				2,600			18,722	9,541	2,511	270	47,944
Tuition														-
General Supplies	1,000		10,244					5,100						16,344
Textbooks					5,764									5,764
Total Instruction	29,565	-	24,544		5,764	-	2,600	5,100	6,185	18,722	9,541	2,511	270	104,802
Support Services:														
Personal Services-Employee Bene.	7,918													7,918
Purchased Profess. & Tech Svcs			2,743			9,180								11,923
Purchased Profess. Educ. Svcs		8,544	117,631	11,084										137,259
Other Purchased Services		3,800												3,800
Supplies and Materials			9,965										1,200	11,165
Total Support Services	7,918	12,344	130,339	11,084	-	9,180	-	-	-	-	-	-	1,200	172,065
TOTAL EXPENDITURES	\$ 37,483	\$ 12,344	\$ 154,883	\$ 11,084	\$ 5,764	\$ 9,180	\$ 2,600	\$ 5,100	\$ 6,185	\$ 18,722	\$ 9,541	\$ 2,511	\$ 1,470	\$ 276,867
Total Outflows	\$ 37,483	\$ 12,344	\$ 154,883	\$ 11,084	\$ 5,764	\$ 9,180	\$ 2,600	\$ 5,100	\$ 6,185	\$ 18,722	\$ 9,541	\$ 2,511	\$ 1,470	\$ 276,867
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)														

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

N/A

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

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

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

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

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

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

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017**

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	STUDENT <u>ACTIVITY</u>	<u>AGENCY FUNDS</u> SCHOOL PAYROLL <u>HOUSE FUND</u> <u>AGENCY</u>		<u>TOTALS</u>
ASSETS:					
Cash and Cash Equivalents	\$125,757	\$ 12,188	\$2,248	\$ 761	\$ 140,954
TOTAL ASSETS	125,757	12,188	2,248	761	140,954
LIABILITIES:					
Liabilities:					
Accounts Payable				761	761
Payable to Student Groups		12,188			12,188
Total Liabilities		12,188		761	12,949
NET POSITION					
Held in Trust for School Restoration			2,248		2,248
Held in Trust for Unemployment Claims and Other Purposes	125,757				125,757
TOTAL LIABILITIES AND NET POSITION	\$125,757	\$ 12,188	\$2,248	\$ 761	\$ 140,954

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2017

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Employer	-	-
Plan Member	\$ 9,383	\$ 9,383
Total Contributions	<u>9,383</u>	<u>9,383</u>
Investment Earnings:		
Interest	436	436
Net Investment Earnings	<u>436</u>	<u>436</u>
Total Additions	<u>9,819</u>	<u>9,819</u>
DEDUCTIONS		
Unemployment Claims	21,390	21,390
Total Deductions	<u>21,390</u>	<u>21,390</u>
Change in Net Position	<u>(11,571)</u>	<u>(11,571)</u>
Net Position—Beginning of the Year	<u>137,328</u>	<u>137,328</u>
Net Position—End of the Year	<u>\$ 125,757</u>	<u>\$ 125,757</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>ACTIVITY</u>	<u>BALANCE July 1, 2016</u>	<u>TRANSFERS</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE June 30, 2017</u>
Interest Income	\$ 158	\$ (158)			-
Archery	-		\$ 120	\$ 120	-
Class Trips	3	556	18,518	18,342	\$ 735
Stokes Trip	(1,348)	508	9,799	10,306	(1,347)
6th Grade - NYC	4,095	956	18,601	18,727	4,925
Publishing Co.	5		768		773
Family Assistance	1,019			25	994
Port Colden	3,033	(345)	220		2,908
Brass Castle	4,279	(1,675)	710		3,314
Bank Charges	-	158		272	(114)
Totals	\$ 11,244	-	\$ 48,736	\$ 47,792	\$ 12,188

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

Exhibit H-4

	<u>BALANCE</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u>
	<u>July 1, 2016</u>			<u>June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 285	\$ 5,904,003	\$ 5,903,527	\$ 761
Total Assets	<u>\$ 285</u>	<u>\$ 5,904,003</u>	<u>\$ 5,903,527</u>	<u>\$ 761</u>
LIABILITIES:				
Payroll Deductions and Withholdings	-	\$ 2,495,404	\$ 2,495,404	-
Accounts Payable	\$ 285	476		\$ 761
Accrued Net Payroll	-	3,408,123	3,408,123	-
Total Liabilities	<u>\$ 285</u>	<u>\$ 5,904,003</u>	<u>\$ 5,903,527</u>	<u>\$ 761</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-5

**SCHEDULE OF ACTIVITY
PORT COLDEN SCHOOL HOUSE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	PORT COLDEN SCHOOL HOUSE FUND
ADDITIONS	
Investment Earnings:	
Interest	\$ 8
Net Investment Earnings	<u>8</u>
Total Additions	<u>8</u>
DEDUCTIONS	
Total Deductions	<u>-</u>
Change in Net Position	8
Net Position—Beginning of the Year	<u>2,240</u>
Net Position—End of the Year	<u>\$ 2,248</u>

LONG-TERM DEBT SCHEDULES

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

N/A

Washington Township School District
Statistical Section

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

Sources:

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

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

(accrual basis of accounting)

Exhibit J-1

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	\$ 240,766	\$ 2,861,484	\$ 2,932,168	\$ 3,088,135	\$ 2,919,400	\$ 2,949,487	\$ 2,186,985	\$ 2,361,405	\$ 2,341,064	\$ 2,578,643
Restricted	843,169	262,026	108,626	451,341	547,888	263,739	375,417	374,032	428,561	736,783
Unrestricted	320,338	463,549	690,421	183,978	273,494	205,474	79,975	(2,609,694)	(2,641,354)	(2,833,497)
Total governmental activities net position	<u>\$ 1,404,273</u>	<u>\$ 3,587,059</u>	<u>\$ 3,731,215</u>	<u>\$ 3,723,454</u>	<u>\$ 3,740,782</u>	<u>\$ 3,418,700</u>	<u>\$ 2,642,377</u>	<u>\$ 125,743</u>	<u>\$ 128,271</u>	<u>\$ 481,929</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 3,443	-	-	-	-	-	\$ -	-	17,862	\$ 13,396
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	28,240	43,107	59,359	68,513	20,746	31,456	22,920	67,419	78,823	64,135
Total business-type activities net position	<u>\$ 31,683</u>	<u>\$ 43,107</u>	<u>\$ 59,359</u>	<u>\$ 68,513</u>	<u>\$ 20,746</u>	<u>\$ 31,456</u>	<u>\$ 22,920</u>	<u>\$ 67,419</u>	<u>\$ 96,685</u>	<u>\$ 77,531</u>
District-wide										
Invested in capital assets, net of related debt	\$ 2,044,209	\$ 2,861,484	\$ 2,932,168	\$ 3,088,135	\$ 2,919,400	\$ 2,949,487	\$ 2,186,985	\$ 2,361,405	\$ 2,358,926	\$ 2,592,039
Restricted	843,169	262,026	108,626	451,341	547,888	263,739	375,417	374,032	428,561	736,783
Unrestricted	348,578	506,656	749,780	252,491	294,240	236,930	102,895	(2,542,275)	(2,562,531)	(2,769,362)
Total district net position	<u>\$ 3,235,956</u>	<u>\$ 3,630,166</u>	<u>\$ 3,790,574</u>	<u>\$ 3,791,967</u>	<u>\$ 3,761,528</u>	<u>\$ 3,450,156</u>	<u>\$ 2,665,297</u>	<u>\$ 193,162</u>	<u>\$ 224,956</u>	<u>\$ 559,460</u>

Source: CAFR Schedule A-1

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

Exhibit J-2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,546,670	\$ 3,326,943	\$ 3,820,901	\$ 3,681,459	\$ 3,713,834	\$ 4,036,063	\$ 3,715,671	\$ 4,265,097	\$ 4,199,342	\$ 4,473,903
Special education	818,657	748,356	857,460	723,499	892,181	859,000	855,316	1,051,588	1,170,805	1,223,714
Other special education	242,910	296,009	287,136	364,604	321,802	441,030	401,625	465,828	541,466	496,980
Support Services:										
Tuition	107,759	24,823	3,450	-	3,938	-	22,033	1,265	-	-
Student & instruction related services	1,753,010	1,576,498	1,534,277	1,589,623	1,739,413	1,780,001	1,831,853	2,006,126	2,206,916	2,092,454
General administrative services	594,291	569,845	590,094	584,792	661,965	656,101	708,319	741,730	760,341	891,704
School administrative services	430,165	412,428	455,652	452,437	458,119	467,760	410,217	437,543	454,902	534,092
Business administrative services										
Plant operations and maintenance	749,127	729,122	724,476	719,761	780,706	896,091	871,468	997,818	1,083,095	1,141,486
Pupil transportation	624,255	566,907	524,910	539,038	505,047	523,298	577,586	601,967	696,248	746,547
Non-Budgeted Contributions										
Special Schools										
Charter Schools										
Interest on long-term debt	26,800	11,816	-	-	-					
Unallocated depreciation	95,363	95,363	97,863	104,762	104,762	104,762	111,475	117,634	130,332	167,103
Total governmental activities expenses	<u>8,989,007</u>	<u>8,358,110</u>	<u>8,896,219</u>	<u>8,759,975</u>	<u>9,181,767</u>	<u>9,764,106</u>	<u>9,505,563</u>	<u>10,686,596</u>	<u>11,243,447</u>	<u>11,767,983</u>
Business-type activities:										
Food service	141,701	147,833	155,503	145,594	137,334	131,815	127,618	131,323	129,627	133,981
Child Care	34,748	50,111	40,104	54,658	96,544	54,358	55,762	61,562	70,313	101,595
Total business-type activities expense	<u>176,449</u>	<u>197,944</u>	<u>195,607</u>	<u>200,252</u>	<u>233,878</u>	<u>186,173</u>	<u>183,380</u>	<u>192,885</u>	<u>199,940</u>	<u>235,576</u>
Total district expenses	<u>\$ 9,165,456</u>	<u>\$ 8,556,054</u>	<u>\$ 9,091,826</u>	<u>\$ 8,960,227</u>	<u>\$ 9,415,645</u>	<u>\$ 9,950,279</u>	<u>\$ 9,688,943</u>	<u>\$ 10,879,481</u>	<u>\$ 11,443,387</u>	<u>\$ 12,003,559</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (regular & special education)										
Business and other support services	50,000	50,600	68,069	60,254	60,222	105,915	90,501	93,716	98,700	\$ 100,792
Operating grants and contributions	\$ 4,101,427	\$ 3,749,063	\$ 3,950,227	\$ 3,478,335	\$ 3,812,230	\$ 3,871,122	\$ 3,768,294	\$ 4,995,997	\$ 5,288,774	5,994,612
Capital grants and contributions										
Total governmental activities program revenues	<u>4,151,427</u>	<u>3,799,663</u>	<u>4,018,296</u>	<u>3,538,589</u>	<u>3,872,452</u>	<u>3,977,037</u>	<u>3,858,795</u>	<u>5,089,713</u>	<u>5,387,474</u>	<u>6,095,404</u>
Business-type activities:										
Charges for services										
Food service	102,511	105,545	113,345	100,704	84,103	84,987	79,879	83,388	90,870	91,315
Child care	60,468	65,161	56,674	63,618	48,557	66,526	48,104	95,607	87,789	75,855
Operating grants and contributions	29,246	32,656	39,295	41,902	40,445	45,369	46,861	58,389	50,547	49,252
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>192,225</u>	<u>203,362</u>	<u>209,314</u>	<u>206,224</u>	<u>173,105</u>	<u>196,882</u>	<u>174,844</u>	<u>237,384</u>	<u>229,206</u>	<u>216,422</u>
Total district program revenues	<u>\$ 4,343,652</u>	<u>\$ 4,003,025</u>	<u>\$ 4,227,610</u>	<u>\$ 3,744,813</u>	<u>\$ 4,045,557</u>	<u>\$ 4,173,919</u>	<u>\$ 4,033,639</u>	<u>\$ 5,327,097</u>	<u>\$ 5,616,680</u>	<u>\$ 6,311,826</u>
Net (Expense)/Revenue										
Governmental activities	\$ (4,837,580)	\$ (4,558,447)	\$ (4,877,923)	\$ (5,221,386)	\$ (5,309,315)	\$ (5,787,069)	\$ (5,646,768)	\$ (5,596,883)	\$ (5,855,973)	\$ (5,672,579)
Business-type activities	15,776	5,418	13,707	5,972	(60,773)	10,709	(8,536)	44,499	29,266	(19,154)
Total district-wide net expense	<u>\$ (4,821,804)</u>	<u>\$ (4,553,029)</u>	<u>\$ (4,864,216)</u>	<u>\$ (5,215,414)</u>	<u>\$ (5,370,088)</u>	<u>\$ (5,776,360)</u>	<u>\$ (5,655,304)</u>	<u>\$ (5,552,384)</u>	<u>\$ (5,826,707)</u>	<u>\$ (5,691,733)</u>

Continued

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

Exhibit J-2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 4,880,734	\$ 4,880,734	\$ 4,880,734	\$ 5,198,441	\$ 5,287,410	\$ 5,440,521	\$ 5,549,331	\$ 5,732,086	\$ 5,843,253	\$ 5,960,118
Taxes levied for debt service	162,534	162,534	162,534	-	-	-	-	-	-	-
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	77,691	77,691	77,691	9,203	5,252	3,853	1,666	1,635	2,926	4,360
Miscellaneous income	55,134	55,134	55,134	9,147	46,981	20,613	7,791	9,830	12,322	61,759
Transfers	-	-	-	(3,166)	(13,000)	-	-	-	-	-
Total governmental activities	5,176,093	5,176,093	5,176,093	5,213,625	5,326,643	5,464,987	5,558,788	5,743,551	5,858,501	6,026,237
Business-type activities:										
Investment earnings	677	677	677	16	6	1	-	-	-	-
Transfers	-	-	-	3,166	13,000	-	-	-	-	-
Total business-type activities	677	677	677	3,182	13,006	1	-	-	-	-
Total district-wide	\$ 5,176,770	\$ 5,176,770	\$ 5,176,770	\$ 5,216,807	\$ 5,339,649	\$ 5,464,988	\$ 5,558,788	\$ 5,743,551	\$ 5,858,501	\$ 6,026,237
Change in Net Position										
Governmental activities	\$ 338,513	\$ 617,646	\$ 298,170	\$ (7,761)	\$ 17,328	\$ (322,082)	\$ (87,980)	\$ 146,668	\$ 2,528	\$ 353,658
Business-type activities	16,453	6,095	14,384	9,154	(47,767)	10,710	(8,536)	44,499	29,266	(19,154)
Total district	\$ 354,966	\$ 623,741	\$ 312,554	\$ 1,393	\$ (30,439)	\$ (311,372)	\$ (96,516)	\$ 191,167	\$ 31,794	\$ 334,504

Source: CAFR Schedule A-2

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

Exhibit J-3

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 881,676	\$ 437,299	\$ 432,803	\$ 601,570	\$ 865,613	\$ 520,796	\$ 463,460	\$ 565,452	\$ 567,579	\$ 820,464
Unreserved	108,929	(29,448)	43,233	68,989	(14,751)	10,637	39,798	(5,564)	(2,829)	17,199
Total general fund	<u>\$ 990,605</u>	<u>\$ 407,851</u>	<u>\$ 476,036</u>	<u>\$ 670,559</u>	<u>\$ 850,862</u>	<u>\$ 531,433</u>	<u>\$ 503,258</u>	<u>\$ 559,888</u>	<u>\$ 564,750</u>	<u>\$ 837,663</u>
All Other Governmental Funds										
Reserved	\$ 36,759	\$ 86,821	\$ 331,091							
Unreserved, reported in:										
Special revenue fund										
Capital projects fund							4,694			
Debt service fund	186,963	269,443	31,500							
Trust and agency fund	-	-	-	-	-	-				
Total all other governmental funds	<u>\$ 223,722</u>	<u>\$ 356,264</u>	<u>\$ 362,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: CAFR Schedule B-1

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

Exhibit J-4

	<u>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>
Revenues										
Tax levy	\$ 5,043,268	\$ 4,901,723	\$ 4,997,216	\$ 5,198,441	\$ 5,287,410	\$ 5,440,521	\$ 5,549,331	\$ 5,732,086	\$ 5,843,253	\$ 5,960,118
Tuition charges	-	-	-	-	-	-	-	-	-	-
Interest earnings	22,000	5,000	5,000	1,300	900	450	198	-	141	-
Miscellaneous	160,825	90,710	90,432	77,304	111,555	129,931	99,760	105,181	113,807	166,911
State sources	3,880,673	3,813,131	3,366,572	3,270,228	3,446,295	3,592,084	3,528,313	3,757,656	3,745,372	3,867,839
Federal sources	220,754	195,234	583,655	208,107	365,935	279,038	239,981	227,518	229,086	216,837
Total revenue	9,327,520	9,005,798	9,042,875	8,755,380	9,212,095	9,442,024	9,417,583	9,822,441	9,931,659	10,211,705
Expenditures										
Instruction										
Regular Instruction	2,691,869	2,704,680	2,933,834	2,806,262	2,767,755	2,948,907	2,790,110	2,863,940	2,724,490	2,591,306
Special education instruction	640,688	612,031	665,250	558,816	673,503	643,433	649,149	719,191	764,829	728,158
Other special instruction	190,103	242,086	222,771	281,613	242,927	330,353	304,816	318,584	353,713	295,723
Other instruction	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	84,333	20,301	2,677	-	2,973	-	16,722	865	-	-
Student & instruction related services	1,371,920	1,286,168	1,190,350	1,227,792	1,313,075	1,333,308	1,390,299	1,372,008	1,441,669	1,245,093
General administrative services	465,097	466,039	457,817	451,681	499,714	491,452	523,503	507,276	496,693	530,599
School administrative services	308,597	309,244	322,008	291,037	287,416	291,959	295,113	275,281	267,751	277,252
Plant operations and maintenance	584,489	594,517	560,292	554,145	587,567	669,432	653,583	668,962	694,077	665,774
Pupil transportation	488,547	463,636	407,245	415,917	380,833	391,551	438,363	411,691	454,824	444,225
Unallocated employee benefits	1,918,622	1,746,309	1,954,880	1,949,218	2,211,422	2,417,284	2,264,373	2,345,401	2,483,990	2,594,576
Transfer to Charter School	8,956	16,029	17,378	20,886	13,394	6,739	-	-	48,889	44,807
Capital Outlay	354,141	775,445	231,361	362,915	38,213	237,035	115,033	287,306	195,872	521,279
Debt service:										
Principal	200,000	199,000	-	-	-	-	-	-	-	-
Interest and other charges	29,925	14,925	-	-	-	-	-	-	-	-
Total expenditures	9,337,287	9,450,410	8,965,863	8,920,282	9,018,792	9,761,453	9,441,064	9,770,505	9,926,797	9,938,792
Excess (Deficiency) of revenues over (under) expenditures	(9,767)	(444,612)	77,012	(164,902)	193,303	(319,429)	(23,481)	51,936	4,862	272,913
Other Financing Sources (uses)										
Transfers in	-	-	-	-	-	204,500	18,775	127,308	-	-
Transfers out	-	(5,600)	(2,500)	(3,166)	(13,000)	(204,500)	(18,775)	(127,308)	-	-
Total other financing sources (uses)	-	(5,600)	(2,500)	(3,166)	(13,000)	-	-	-	-	-
Net change in fund balances	\$ (9,767)	\$ (450,212)	\$ 74,512	\$ (168,068)	\$ 180,303	\$ (319,429)	\$ (23,481)	\$ 51,936	\$ 4,862	\$ 272,913
Debt service as a percentage of noncapital expenditures	2.6%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Interest on</u> <u>Cap. Reserve</u> <u>Account</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Rentals</u>	<u>Transportation</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ 55,691	\$ 22,000	\$ 37,479		\$ 50,000	\$ 16,441	\$ 1,214	182,825
2009	17,681	5,000	14,871		50,600		6,670	94,822
2010	11,899	5,000	9,552		68,069		440	94,960
2011	7,903	1,300	5,045		60,254		1,542	76,044
2012	4,352	900	2,749		60,222		41,271	109,494
2013	3,403	450	5,212		81,674	24,241	11,963	126,943
2014	1,468	198	4,996		90,501		2,285	99,448
2015	1,635				93,716		8,440	103,791
2016	2,785	141	10,778		98,700		1,000	113,404
2017	4,360		13,915		100,792	42,194	4,180	165,441

SOURCE: District Records

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

Exhibit J-6

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2008	\$12,837,300	\$549,201,899	\$22,711,000	\$2,359,325	\$66,817,300	\$3,501,200	\$1,880,300	\$719,898,703	\$58,981,148	\$1,609,231	\$660,917,555	\$0.763	\$868,978,308
2009	12,393,800	555,261,299	23,399,000	2,416,625	67,642,300	3,501,200	1,880,300	725,579,495	57,633,148	1,451,823	667,946,347	0.734	916,654,088
2010	11,825,300	558,724,549	25,067,700	2,221,900	67,930,800	3,501,200	1,880,300	730,065,657	57,381,248	1,532,660	672,684,409	0.743	929,965,653
2011	11,583,100	559,661,851	25,506,800	2,366,600	68,327,500	3,501,200	1,780,300	731,464,521	57,198,448	1,538,722	674,266,073	0.771	907,913,314
2012	11,030,400	561,000,051	24,688,300	2,272,900	72,406,800	3,501,200	1,780,300	735,914,452	57,883,448	1,351,053	678,031,004	0.780	870,082,342
2013	10,920,500	560,621,701	25,051,400	2,290,500	74,188,700	3,495,900	1,780,300	737,267,062	57,795,648	1,122,413	679,471,414	0.801	826,466,429
2014	10,364,300	558,903,101	26,397,900	2,399,300	75,759,900	3,445,900	1,780,300	737,724,389	57,457,248	1,216,440	680,267,141	0.816	784,880,638
2015	10,399,600	557,929,101	26,422,900	2,410,900	75,491,100	3,445,900	1,780,300	737,538,935	58,674,448	984,686	678,864,487	0.844	741,130,019
2016	11,107,000	557,507,301	25,814,400	2,465,700	77,247,900	3,445,900	1,780,300	739,047,749	59,679,148	100	679,368,601	0.860	730,164,989
2017	10,778,500	557,463,501	26,272,400	2,595,000	77,981,800	3,445,900	1,685,900	740,519,312	59,366,048	930,263	681,153,264	0.875	725,063,215

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Washington Township Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Regional School District	Washington Township	Library	Warren County	
2008	\$0.739	\$0.024	\$0.763	\$0.940	\$0.415	\$0.068	\$0.734	\$2.920
2009	\$0.711	\$0.023	\$0.734	\$0.892	\$0.451	\$0.072	\$0.764	\$2.913
2010	\$0.743	\$0.000	\$0.743	\$0.944	\$0.469	\$0.072	\$0.769	\$2.997
2011	\$0.771	\$0.000	\$0.771	\$0.989	\$0.495	\$0.065	\$0.760	\$3.080
2012	\$0.780	\$0.000	\$0.780	\$0.999	\$0.552	\$0.006	\$0.808	\$3.145
2013	\$0.801	\$0.000	\$0.801	\$1.073	\$0.572	\$0.058	\$0.766	\$3.270
2014	\$0.816	\$0.000	\$0.816	\$0.964	\$0.581	\$0.058	\$0.765	\$3.184
2015	\$0.844	\$0.000	\$0.844	\$1.129	\$0.597	\$0.058	\$0.785	\$3.413
2016	\$0.860	\$0.000	\$0.860	\$1.154	\$0.613	\$0.000	\$0.834	\$3.461
2017	\$0.875	\$0.000	\$0.875	\$1.198	\$0.623	\$0.000	\$0.813	\$3.509

Source: District Records and Municipal Tax Collector

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

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

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

**Washington Township School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Asbury Farms (including Golf Course)	\$11,423,368	1	1.68%	\$ 6,675,000	2	1.06%
Washington Shopping Centers, Inc.	6,466,700	2	0.95%	7,938,700	1	1.26%
Johnson Family Holdings LLC	3,432,700	3	0.50%			
Desapio Properties, #3, LLC	3,234,800	4	0.47%	3,499,300	3	0.57%
Ed Mark 31, LLC	3,243,900	5	0.48%	3,243,900	4	0.56%
Fitzgibbon, Smith & Smith	3,134,900	6	0.46%	3,134,900	5	0.50%
Asbury Farms Project 20, LLC	2,659,800	7	0.39%			
Washington Storage, LLC	2,036,200	8	0.30%	2,221,700	9	0.35%
Individual Taxpayer #1	1,934,999	9	0.28%			
I. C. Washington Inc., - Eckerd Drug	1,875,400	10	0.28%	2,279,400	7	0.36%
Drugach Realty Co. - Shop Rite				2,778,200	6	0.44%
Witte Holdings, Inc.				1,677,700	10	0.27%
Total	\$ 39,442,767		5.79%	\$ 33,448,800		5.37%

Source: District CAFR & Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$5,043,268	\$5,043,268	100.00%	-
2009	\$4,901,723	\$4,901,723	100.00%	-
2010	\$4,997,216	\$4,997,216	100.00%	-
2011	\$5,198,441	\$5,198,441	100.00%	-
2012	\$5,287,410	\$5,287,410	100.00%	-
2013	\$5,440,521	\$5,440,521	100.00%	-
2014	\$5,549,331	\$5,549,331	100.00%	-
2015	\$5,732,086	\$5,732,086	100.00%	-
2016	\$5,843,253	\$5,843,253	100.00%	-
2017	\$5,960,118	\$5,960,118	100.00%	-

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

Note:

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

**Washington Township School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2008	\$ 199,000	-	-	-	-0-	\$ 199,000	0.07%	\$28.99	
2009	-	-	-	-	-0-	-	0.00%	-	
2010	-	-	-	-	-0-	-	0.00%	-	
2011	-	-	-	-	-0-	-	0.00%	-	
2012	-	-	-	-	-0-	-	0.00%	-	
2013	-	-	-	-	-0-	-	0.00%	-	
2014	-	-	-	-	-0-	-	0.00%	-	
2015	-	-	-	-	-0-	-	0.00%	-	
2016	-	-	-	-	-0-	-	0.00%	-	
2017	-	-	-	-	-0-	-	0.00%	-	

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

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

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

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 199,000	-0-	\$ 199,000	0.03%	\$ 29 R
2009	-	-0-	-	0.00%	- R
2010	-	-0-	-	0.00%	- R
2011	-	-0-	-	0.00%	- R
2012	-	-0-	-	0.00%	- R
2013	-	-0-	-	0.00%	- R
2014	-	-0-	-	0.00%	- R
2015	-	-0-	-	0.00%	- R
2016	-	-0-	-	0.00%	- *
2017	-	-0-	-	0.00%	- *

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

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

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

R Revised

* Current data unavailable

**Washington Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2017**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Township of Washington	\$ 8,850,614	100.000%	\$ 8,850,614
Other debt Warren County	3,435,000	6.537%	<u>224,558</u>
Subtotal, overlapping debt			9,075,172
Washington Township School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 9,075,172</u></u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis
	2014 726,559,272
	2015 721,274,553
	2016 698,165,864
	[A] <u>\$ 2,145,999,689</u>
Average equalized valuation of taxable property	[A/3] \$ 715,333,230
Debt limit (3 % of average equalization value)	[B] 21,459,997
Net bonded school debt	[C] -
Legal debt margin	[B-C] <u>\$ 21,459,997</u>

	Fiscal Year									
	<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>
Debt limit	\$24,966,669	\$26,696,370	\$27,229,520	\$26,813,338	\$25,830,996	\$24,619,346	\$23,401,519	\$22,458,961	\$21,869,769	\$ 21,459,997
Total net debt applicable to limit	199,000	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$24,767,669</u>	<u>\$26,696,370</u>	<u>\$27,229,520</u>	<u>\$26,813,338</u>	<u>\$25,830,996</u>	<u>\$24,619,346</u>	<u>\$23,401,519</u>	<u>\$22,458,961</u>	<u>\$21,869,769</u>	<u>\$21,459,997</u>
Total net debt applicable to the limit as a percentage of debt limit	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2008	6,851	\$ 300,464,307	\$43,857 R	6.4%
2009	6,865	\$ 293,087,445	\$42,693 R	11.3%
2010	6,843	\$ 295,528,641	\$43,187 R	11.6%
2011	6,643	\$ 298,383,631	\$44,917 R	10.8%
2012	6,593	\$ 304,411,996	\$46,172 R	10.5%
2013	6,538	\$ 303,984,310	\$46,495 R	6.0%
2014	6,471	\$ 314,781,795	\$48,645 R	5.3%
2015	6,471	\$ 314,781,795	\$50,902 R	4.8%
2016	6,465	\$ 314,489,925	\$50,902 *	3.9%
2017	6,461	\$ 328,877,822	\$50,902 *	*

Source:

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

^b Personal income provided by US Dept Commerce

^c Per Capita provided by NJ Dept of Labor

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

P =Projected

R =Revised

* Current data unavailable

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

Exhibit J-15
N/A

Employer	2017			2008		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

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

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

Exhibit J-16

<u>Function/Program</u>	<u>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	39.1	39.0	35.1	38.0	37.0	38.0	37.0	38.0	37.0	36.3
Special education	13.4	12.0	12.5	12.8	11.3	13.8	15.0	15.0	16.0	14.5
Other instruction	19.9	20.3	20.3	15.3	21.1	22.3	21.2	22.0	21.8	14.1
Support Services:										
Tuition										
Student & instruction related services	9.8	9.8	11.2	9.1	9.8	10.5	10.4	9.8	10.2	9.6
General administrative services	1.8	1.7	1.5	2.7	2.7	2.7	2.7	2.7	2.7	2.5
School administrative services	4.7	4.7	4.7	4.5	4.3	4.3	4.3	4.3	4.3	4.3
Business administrative services	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.5	1.6	1.6
Plant operations and maintenance	6.4	5.4	6.6	6.5	6.5	5.9	5.6	5.6	5.6	5.3
Pupil transportation	2.0	1.6	1.4	1.5	1.5	1.5	1.4	1.4	1.6	1.6
Food Service	3.5	3.8	3.8	3.8	3.8	0.0	0.0	0.0	0.0	0.0
Child Care	1.4	1.5	1.5	1.5	1.5	1.5	1.5	2.0	1.5	1.5
Total	<u>102.1</u>	<u>99.8</u>	<u>100.1</u>	<u>97.2</u>	<u>101.0</u>	<u>102.0</u>	<u>100.7</u>	<u>102.3</u>	<u>102.3</u>	<u>91.3</u>

Source: District Personnel Records

Washington Township School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary				
2008	645	\$ 8,744,265	\$ 13,557	10.49%	53	12:1	651.2	624.1	-3.05%	95.8%
2009	646	\$ 8,445,011	\$ 13,073	-3.57%	52	12:1	638.7	612.2	-1.92%	95.9%
2010	648	\$ 8,717,124	\$ 13,452	2.90%	51	12:1	649.7	620.0	1.72%	95.4%
2011	615	\$ 8,536,481	\$ 13,880	3.18%	51	12:1	613.1	586.4	-5.63%	95.6%
2012	604	\$ 8,967,185	\$ 14,846	6.96%	50	12:1	597.2	570.4	-2.59%	95.5%
2013	600	\$ 9,524,418	\$ 15,874	6.92%	54	11.1:1	596.2	568.3	-0.17%	95.3%
2014	541	\$ 9,326,031	\$ 17,239	8.60%	53	10.2:1	545.1	521.7	-8.57%	95.7%
2016	522	\$ 9,483,199	\$ 18,167	5.39%	53	9.8:1	519.0	494.8	-4.79%	95.3%
2017	489	\$ 9,730,925	\$ 19,900	9.54%	52	9.4:1	483.7	461.9	-6.80%	95.5%
2017	467	\$ 9,417,513	\$ 20,166	1.34%	51	9.2:1	469.1	444.5	-3.02%	94.8%

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

Note: Enrollment based on annual October district count.

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

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

Exhibit J-18

<u>District Building</u>	<u>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>
<u>Elementary</u>										
Brass Castle (1961)										
Square Feet	37,400	37,400	37,400	37,400	37,400	37,400	37,400	37,400	37,400	37,400
Capacity (students)	456.6	456.6	456.6	456.6	456.6	456.6	456.6	456.6	456.6	456.6
Enrollment	423.1	390.8	391.0	363.0	356.0	357.0	342.0	327.0	304.0	290.0
Port Colden (1932)										
Square Feet	26,450	26,450	26,450	26,450	26,450	26,450	26,450	26,450	26,450	26,450
Capacity (students)	302.4	302.4	302.4	302.4	302.4	302.4	302.4	302.4	302.4	302.4
Enrollment	228.1	247.9	257.0	252.0	248.0	239.0	199.0	194.0	177.0	180.0
Old School House (District Office)										
Square Feet	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Number of Schools at June 30, 2017

Source: District records, ASSA

Elementary = 2

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2017

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>	<u>Total</u>
Brass Castle	040	\$84,898	\$85,035	\$86,547	\$84,366	\$111,056	\$158,490	\$108,856	\$109,732	\$112,006	\$94,873	\$1,035,859
Port Colden	050	56,599	56,690	57,698	56,244	78,427	111,925	76,874	77,492	79,098	66,998	718,045
PC Old Schoolhouse						7,077	10,099	6,936	6,992	7,137	6,045	44,286
Total School Facilities		141,497	141,725	144,245	140,610	196,560	280,514	192,666	194,216	198,241	167,916	1,798,190
Other Facilities												
Grand Total		\$141,497	\$141,725	\$144,245	\$140,610	\$196,560	\$280,514	\$192,666	\$194,216	\$198,241	\$167,916	\$1,798,190

WASHINGTON TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE
June 30, 2017
UNAUDITED

Exhibit J-20

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

* School Alliance Insurance Fund (SAIF)

SOURCE: District Records

Single Audit Section



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 Douglas R. Williams, CPA, RMA, PSA

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington Township School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Washington Township School District Board of Education's basic financial statements, and have issued our report thereon dated August 31, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

-Continued-

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

Compliance and Other Matters

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

Purpose of this Report

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

ARDITO & Co., LLP

ARDITO & CO., LLP

August 31, 2017

Cynthia Corder

Licensed Public School Accountant No.2369



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 Douglas R. Williams, CPA, RMA, PSA

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the Washington Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2017. The Washington Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

ARDITO & Co., LLP

ARDITO & CO., LLP
August 31, 2017

Carmen Credler

Licensed Public School Accountant No.2369

WASHINGTON TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2017

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2016	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	BALANCE AT JUNE 30, 2017			MEMO			
									REPAYMENT OF PRIOR YEARS' BALANCES	(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education													*		
General Fund													*		
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 1,702,476			\$ 1,702,476	\$ (1,702,476)						\$	165,353	\$ 1,702,476
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	258,367			258,367	(258,367)						*	25,094	258,367
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	329,211			329,211	(329,211)						*	31,975	329,211
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	47,406			47,406	(47,406)						*	4,604	47,406
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	286,365			286,365	(286,365)						*	27,813	286,365
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	4,950			4,950	(4,950)						*	481	4,950
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	4,950			4,950	(4,950)						*	481	4,950
Prof Learning Comm Aid	17-495-034-5120-101	7/1/16-6/30/17	4,520			4,520	(4,520)						*	438	4,520
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	23,577				(23,577)			\$ (23,577)			*		23,577
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	42,972	\$ (42,972)		42,972							*		42,972
Non- Public Transportation Aid	17-100-034-5120-068	7/1/16-6/30/17	2,839				(2,839)			(2,839)			*		2,839
Non- Public Transportation Aid	16-100-034-5120-068	7/1/15-6/30/16	393	(393)		393							*		393
On Behalf TPAF Pension	17-495-034-5094-002	7/1/16-6/30/17	471,831			471,831	(471,831)						*		471,831
On Behalf TPAF Pension PMR	17-495-034-5094-001	7/1/16-6/30/17	393,142			393,142	(393,142)						*		393,142
On Behalf TPAF Pension LTD Ins	17-495-034-5094-004	7/1/16-6/30/17	1,517			1,517	(1,517)						*		1,517
Reimb. TPAF Soc.Secur.Contrib.	17-495-034-5094-003	7/1/16-6/30/17	282,932	(30,281)		285,471	(282,932)			(27,742)			*		282,932
Total General Fund				(73,646)		3,833,571	(3,814,083)			(54,158)			*	256,239	3,857,448
Special Revenue Fund													*		
N.J. Nonpublic Aid:													*		
Textbooks Aid	17-100-034-5120-064	7/1/16-6/30/17	5,764	117		5,764	(5,764)		\$ (117)				*		5,764
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	9,180			9,180	(9,180)						*		9,180
Technology Aid	17-100-034-5120-373	7/1/16-6/30/17	2,600	101		2,600	(2,600)		(101)				*		2,600
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	5,100			5,100	(5,100)						*		5,100
Auxiliary Services:													*		
Compensatory Education	17-100-034-512a-067	7/1/16-6/30/17	18,722	3,977		18,722	(18,722)		(3,977)				*		18,722
Handicapped Services:													*		
Examination and Classification	17-100-034-512b-066	7/1/16-6/30/17	9,541			9,541	(9,541)						*		9,541
Corrective Speech	17-100-034-512a-066	7/1/16-6/30/17	6,185			6,185	(6,185)						*		6,185
Supplementary Instruction	17-100-034-512c-066	7/1/16-6/30/17	2,511	743		2,511	(2,511)		(743)				*		2,511
Total Special Revenue Fund				4,938		59,603	(59,603)		(4,938)				*		59,603
State Department of Agriculture													*		
Enterprise Fund:													*		
Nat.School Lunch Prog.(State Share)	16-100-034-5120-122	7/1/15-6/30/16		(106)		106							*		
Nat.School Lunch Prog.(State Share)	17-100-034-5120-122	7/1/16-6/30/17	1,538			1,425	(1,538)		(113)				*		1,538
Total Enterprise Fund				(106)		1,531	(1,538)		(113)				*		1,538
Total State Financial Assistance													*		
				\$ (68,814)		- \$ 3,894,705	\$ (3,875,224)		- \$ (4,938)	\$ (54,271)		- \$ -	*	\$ 256,239	\$ 3,918,589

Less: On-behalf TPAF Pension Amounts 866,490

Total State Expenditures Subject to Major Program Determination \$ (3,008,734)

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$4,349) for the general fund and (\$455) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
 JUNE 30, 2017

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 3,809,734	\$ 3,809,734
Special Revenue Fund	\$ 216,837	58,105	274,942
Food Service Fund	<u>47,714</u>	<u>1,538</u>	<u>49,252</u>
Total Financial Assistance	<u>\$ 264,551</u>	<u>\$ 3,869,377</u>	<u>\$ 4,133,928</u>

NOTE 4. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Reported

Noncompliance material to financial statements noted? ___ Yes __x__ No

Federal Awards

N/A

Internal control over major programs:

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

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

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

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

Identification of major programs:

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

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Financial Assistance Section

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

\$750,000

Auditee qualified as low-risk auditee?

x yes no

Internal Control over major programs:

1) Material weakness(es) identified?

 yes x no

2) Were significant deficiencies identified that were not considered to be material weaknesses?

 yes x none

Type of auditor's report on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable?

 yes x no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

17-495-034-5120-078

Equalization Aid

17-495-034-5120-014

Transportation Aid

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section II-Financial Statement Findings

N/A

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

Section III - State Financial Assistance Findings and Questioned Costs

N/A

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

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

STATUS OF PRIOR YEAR FINDINGS

N/A

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