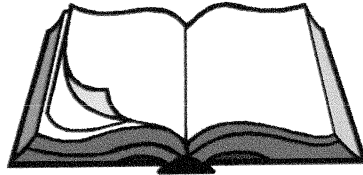


**SCHOOL DISTRICT
OF
WESTAMPTON
TOWNSHIP**



**Westampton Township Board of Education
Westampton, New Jersey**

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

**Comprehensive Annual
Financial Report**

of the

Westampton Township Board of Education

Westampton, New Jersey

For the Fiscal Year Ended June 30, 2017

**Prepared by
Westampton Township Board of Education
Finance Department**

Introductory Section

WESTAMPTON SCHOOL DISTRICT

INTRODUCTORY SECTION

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WESTAMPTON TOWNSHIP BOARD OF EDUCATION

700 Rancocas Road

Westampton, New Jersey 08060

Tel. (609) 261-1969 Fax: (609) 267-2760

October 13, 2017

Honorable President and
Members of the Board of Education
Westampton Township School District
County of Burlington, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Westampton 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 respects 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 section includes 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 Title 2 U.S. Code of federal regulations, cost principals, and audit requirements for federal awards (uniform guidance): and the State of New Jersey Circular OMB15-08. 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:**

Westampton 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 Westampton Township Board of Education and all its schools constitute the District’s reporting entity.

Overview

The School District is a Type II district located in the County of Burlington (“County”), State of New Jersey. As a Type II school district, the School District functions independently through the Board. The Board is comprised of nine (9) members elected to three (3) staggered year terms. The purpose of the School District is to educate students in grades K-8.

Administration

The administration of the School District is the responsibility of the Superintendent of Schools. The Business Administrator and Board Secretary oversee the business functions and reports through the Superintendent to the Board.

Pupil Enrollment

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular and special education for identified handicapped students. The District completed the 2014-2015 fiscal year with an enrollment of 975 students, which is 16 students below the reported previous year’s enrollment. The following details the changes in the student enrollments of the District over the last ten (10) years.

AVERAGE DAILY ENROLLMENT

<u>FISCAL YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>INCREASE/ DECREASE</u>	<u>PERCENT CHANGE</u>
2016-2017	992	4	.4
2015-2016	988	(13)	(1.3)
2014-2015	975	(16)	(1.6)
2013-2014	991	(12)	(1.2)
2012-2013	1003	(7)	(.07)
2011-2012	1010	16	1.6
2010-2011	994	37	3.7
2009-2010	957	41	4.5
2008-2009	916	(15)	(1.6)
2007-2008	931	(7)	(0.7)

Facilities and Capacity

The following table outlines the facility of the School District and capacity thereof:

<u>Name of School</u>	<u>Date Constructed</u>	<u>Date of Last Major Renovations/ Additions</u>	<u>Grade Level</u>	<u>Capacity</u>
Holly Hills School	1967	1988	K-4	447
Westampton School	1955	1995	5-8	521

Employment

The following table provided the number of the instruction and non-instructional personnel employed by the School District from school year 2007-2008 through school year 2016-2017:

<u>School Year</u>	<u>Certified – Full Time</u>	<u>Non-Certified – Full Time</u>
2007-2008	88	24
2008-2009	91	21
2009-2010	91	28
2010-2011	80	24
2011-2012	83	28
2012-2013	83	28
2013-2014	82	26
2014-2015	84	7
2015-2016	88	17
2016-2017	95	17

2. ECONOMIC CONDITION AND OUTLOOK:

Housing growth within the community continues to be moderate. The real estate turnover rate has slowed with conditions throughout the country and particularly the Northeast.

The Municipality has several parcels of land still undeveloped that could impact future enrollment. The School district is working with the township closely as to the situation as it may change.

The community of Westampton is a K to 8 District that is served by two schools that are a source of great pride to this mid-sized community located in the heart of Burlington County. The Holly Hills School serves 537 students in grades K to 4, while the Westampton Middle School has an enrollment of 473 students in grades 5 through 8. The community of Westampton is a sending district to the Rancocas Valley Regional High School District and is proud of the fact that our students are active and vital participants in all of the programs offered at the Rancocas Valley Regional High School.

Location and Character

The Township of Westampton (“Township”) is a municipal corporation which was incorporated in 1850. The Township covers a land area of approximately 11.2 square miles in the northeastern section of the County, approximately 65 miles northwest of Atlantic City, 80 miles southwest of New York and 22 miles northeast of Philadelphia. The Township is readily accessible to these metropolitan areas on Route 295, the New Jersey Turnpike and the Atlantic City Expressway.

Utilities

Water and sewer service within the Township is provided by Mount Holly Water Company, Mount Holly Sewer Authority, and Willingboro Municipal Utilities Authority. All three entities bill its users directly for water and sewer service on a quarterly basis.

Public Services

The Township is protected by an approximately 21 member police force, with a 24-hour police dispatching network. One volunteer fire company provides fire protection. The Township provides once-a-week garbage collection to all residential and commercial properties. Communication services are provided by Verizon and AT&T. Natural gas and electric service is provided by Public Service and Gas Company.

Population

The following table outlines the population of the Township, the County and the State:

<u>Year</u>	<u>Township</u>	<u>County</u>	<u>State</u>
2010 Federal Census	8,813	448,728	9,149,799
2000 Federal Census	7,217	423,394	8,414,350
1990 Federal Census	6,004	395,066	7,730,188
1980 Federal Census	3,383	362,542	7,365,001
1970 Federal Census	2,680	323,132	7,171,112

Health Care Facilities

The only hospital located in the Township is Hampton Hospital, which is a mental health care facility. The closest hospital to service the Township is located in the adjoining Township of Mount Holly. Virtua Health Memorial Hospital is a 369 bed facility. The hospital is part of the Virtua health system which includes West Jersey - Voorhees, West Jersey - Berlin, West Jersey - Marlton, and West Jersey – Camden, making up the state’s largest multi-hospital group. Memorial Hospital has intensive care and progressive care units as well as a 24-hour emergency room.

Transportation

The major highways serving the Township are US Route 295, which runs from Trenton to the Delaware Memorial Bridge and the New Jersey Turnpike which runs North to South the entire length of New Jersey. Burlington – Mount Holly Road (Route 541) which bisects the Township runs in a north-south direction from Burlington County to Mount Holly, then continues via a by-pass through Lumberton, Medford Township and Tabernacle to intersect with Route 206 which connects with the Atlantic City Expressway in Hammonton.

A private bus service, Academy Lines, Inc., services the Township with several bus routes. The major routes provide access to Atlantic City and New York City.

Labor Force

The following table outlines employment information for the Township, the County and the State as of 2009:

	<u>Unemployment</u> <u>Rate</u>	<u>Total Labor</u> <u>Force</u>	<u>Total</u> <u>Employed</u>	<u>Total</u> <u>Unemployment</u>
Township	7.6%	4,230	3,910	320
County	8.5	241,797	221,132	20,665
State	9.6	4,551,307	4,113,111	438,196

While there are reported proposals for smaller developments of 100 homes or less, the possibility exists for additional court-mandated Affordable Housing. Their magnitudes are not quantifiable. In general the Township Master Plan, and significant local wetlands, discourages development beyond that which is identified above.

The Westampton Board of Education meets on the second Monday of each month at 7:00 PM. The meetings are held in the Media Center of the Westampton Middle School, 700 Rancocas Road. The members of the Board of Education ensure that each and every child is provided an education that challenges them academically and nurtures them socially. They are committed to accomplishing this in the most cost effective manner possible, a responsibility to the taxpayers that they take very seriously.

The school facilities are not only educational centers but also serve the community as the sites for a very comprehensive recreational program that is available to citizens of all ages. The continual use of our school facilities is only one example of the cooperative working arrangement that exists between the elected political leaders of the community and the Westampton Board of Education.

The educational programs in Westampton continue to be served by an administrative, teaching and support staff that is committed to creating an educational environment which is focused on the following Mission Statement: The Westampton Township Public Schools will provide a high quality, age appropriate educational experience that empowers children to reach their academic potential, become well-rounded individuals, and develop a love for learning with a safe, secure, nurturing social and academic environment. The social environment is one which fosters: risk taking; development of positive self-esteem; individuality; respect for diversity; social consciousness; positive social interaction; and encourages students to expand their roles as active participants in their community and world.

In support of the Mission Statement, the Board of Education provides a wide variety of programs and services including a Special Education Program that is committed to educating all of our children in the “least restrictive environment”. Both of our schools provide a wide variety of services and extra-curricular programs that are designed to give every child opportunities to grow academically, athletically and socially.

3. **MAJOR INITIATIVES:**

Major School District initiatives during the 2016-2017 school year included the following:

- The District concluded re tiling of several classrooms and the all-purpose room.
- Additional initiatives are in places which continue to focus on improving and enhancing the instructional programs that are already in place and have resulted in sustained student improvement with respect to meeting the state standards. Our budgets exceed adequacy, as defined by the state due to extending support services to children requiring added assistance in order to meet the state standards. This is reflected in class size as well as support staff budget to sustain the effort which has consistently received community support.
- Additionally, we have made a concerted effort to reduce out-of-district placements by offering in-class support and inclusion-based services to eligible students. Our community is nestled in the Rancocas Woods area which sprawls across 12 square miles. This encompasses several hazardous routes which necessitates transportation needs that may not be easily calculated in state formulas to ascertain adequacy spending.

New construction will impact student enrollment as well. The District implemented a full-day Kindergarten and pre-K services program.

Westampton’s budget has been developed to maintain existing programs and services which have proven to yield favorable results on state assessment and generate community support. The District continues to exercise discretion with its spending. Special emphasis has been placed on supporting educational

programs that provide remediation and essential professional development. The budget is built with a focus on teaching and learning. Our guiding objective has been to continue the excellence for which our District is well known. With an eye on expanding our current kindergarten programs, resources have been devoted to enhancing early literacy, immediate identification of students with learning gaps and to close the achievement gaps wherever they may exist.

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 statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurances 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 it requires estimates and judgments by management.

As a recipient of Federal and State financial assistance, the District also is responsible for ensuring that an 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.

5. **BUDGETARY CONTROLS:**

In addition to internal 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 a reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

6. **FINANCIAL INFORMATION AT FISCAL YEAR-END:**

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. **CASH MANGEMENT:**

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 that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. 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.

8. **RISK MANGEMENT:**

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.

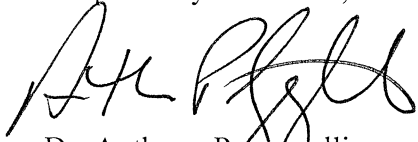
9. **OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Inverso & Stewart, LLC, performs the annual statutory audit of the Berlin Borough 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 Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance): and State of New Jersey Circular OMB15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

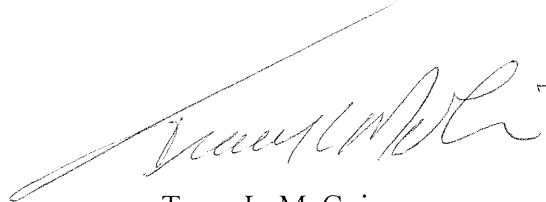
10. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Westampton 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.

Respectfully submitted,

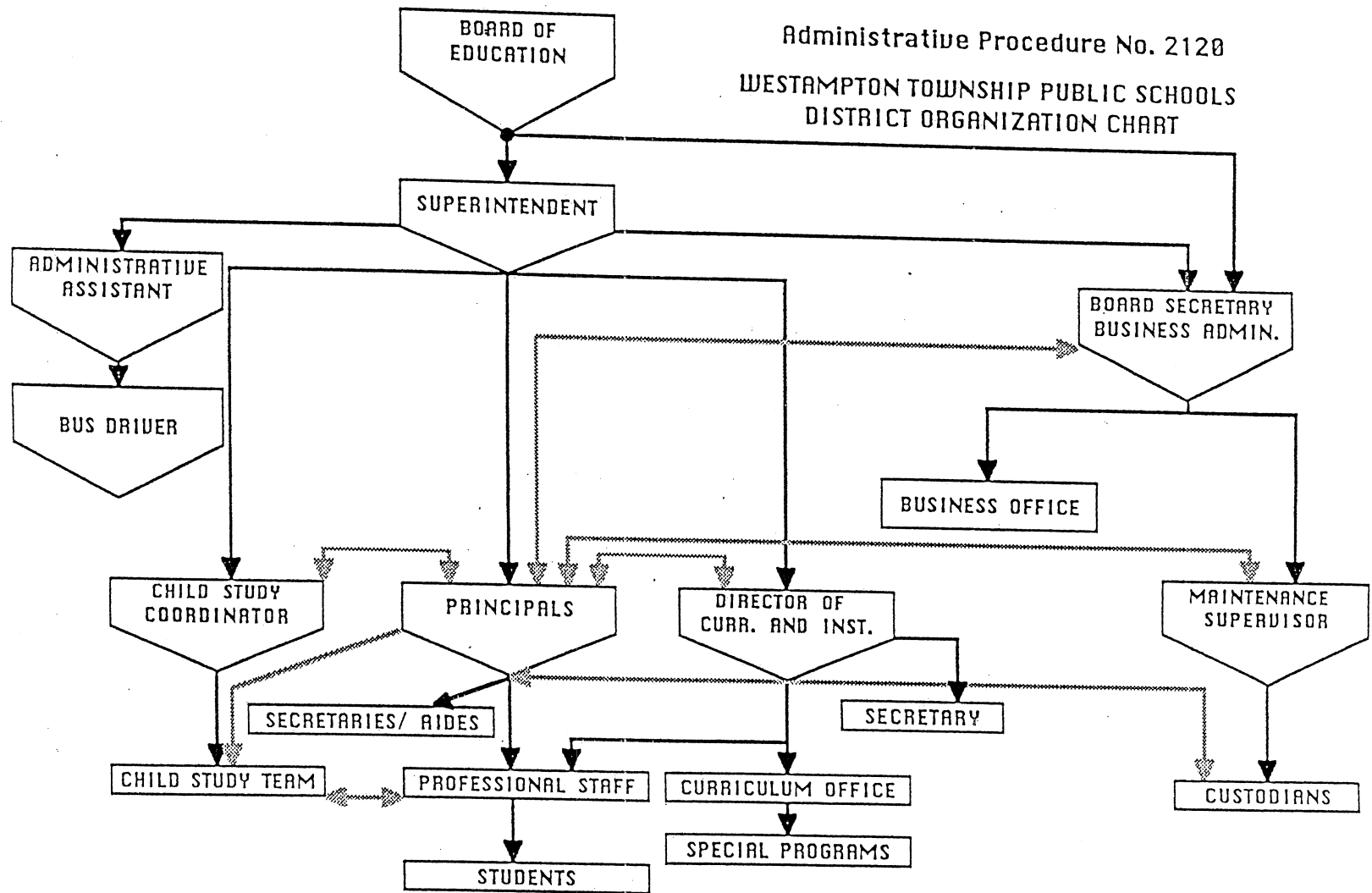


Dr. Anthony Petruzzelli
Chief School Administrator



Tracy L. McGuire
Board Secretary

Administrative Procedure No. 2120
 WESTAMPTON TOWNSHIP PUBLIC SCHOOLS
 DISTRICT ORGANIZATION CHART



Direct Line Relationship ———▶ □
 Staff Relationship ◀———▶ □

WESTAMPTON TOWNSHIP SCHOOL DISTRICT

ROSTER OF OFFICIALS
JUNE 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Justin Wright, President	2019
Gil Gehin-Scott, Vice President	2018
Suzanne Applegate	2018
Rayna Denneler	2017
Jennifer Dinardo	2019
Linda Hynes	2017
Vanessa L. Nichols	2017
Christopher Hamilton	2019
Melanie Logan	2017
 <u>Other Officials</u>	
Matt Andris, Acting Superintendent	
Tracy L. McGuire, Board Secretary	
Thomas Fanuka, School Business Administrator	
Frank Farr of MS Accounting Firm, Treasurer	
Frank Cavallo of Parker McCay, Solicitor	

**WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Inverso & Stewart, LLC
651 Route 73 North, Suite 402
Marlton, NJ 08053

Attorney

Frank Cavallo, Esq.
Parker McCay, P.A.
9000 Midlantic Drive
Suite 300
Mount Laurel, NJ 08054

Architect

Garrison Architect
713 Creek Road
Bellmawr, NJ 08031

Broker of Record

EJA & Associates
217 Route 130
Bordentown, NJ 08505

Official Depository

Beneficial Bank
611 Beverly-Rancocas Road
Westampton, NJ 08046

Financial Section

INVERSO & STEWART, LLC
Certified Public Accountants

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-Member of-
American Institute of CPAs
New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Westampton Township School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, and schedule of the School District's contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 12, 2017 on my consideration of the Westampton Township School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my 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 Westampton Township School District's internal control over financial reporting and compliance.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant No. CS001095

Marlton, New Jersey
October 12, 2017

INVERSO & STEWART, LLC
 Certified Public Accountants

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 New Jersey Society of CPAs

**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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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 Westampton Township School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated October 12, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Westampton Township School District's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant No. CS001095

Marlton, New Jersey
October 12, 2017

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Westampton Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

As management of the Board of Education of the Township of Westampton, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$7,329,701 (*net position*).
- Governmental activities have an unrestricted net position deficit balance of \$5,003,041. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, accrued interest payable and the June state aid payments plus state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District increased by \$292,088 from the prior fiscal year-end balance. The increase is a net result of a decrease in the percentage of the budget expended during the year in comparison to the prior year and the payment of long-term debt.
- Fund balance of the School District's governmental funds increased by \$858,878 resulting in an ending fund balance of \$3,635,643. The majority of this increase is the result of operations in the general fund.
- Business-type activities have unrestricted net position of \$110,840 which may be used to meet the School District's ongoing obligations of the enterprise-related activities (food services).
- The School District's long-term obligations increased by \$252,426 which includes a decrease of debt obligations and an increase in compensated absences and net pension liability.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities consolidate the Food Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains one type of proprietary fund - the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the district-wide financial statements, only in more detail.

The School District's one enterprise funds (Food Service Fund) is listed individually and is considered to be a major fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

District-wide Financial Analysis

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements and equipment. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued interest expense on long-term debt, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2017. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2017.

The assets of the primary government activities exceeded liabilities by \$6,999,927 with an unrestricted deficit balance of \$5,003,041. As mentioned earlier, deficit unrestricted net position are primarily due to the accounting treatment for compensated absences payable, capital lease payable, accrued interest expense and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

The net position of the primary government does not include internal balances.

A net investment of \$8,342,364 in land, improvements, buildings and equipment which provide the services to the School District's 979 public school students, represents 119.18% of the School District's net position.

Net position of \$3,660,604 has been restricted as follows:

Restricted for Future Budget Appropriations	\$ 884,563
Restricted for Future Debt Service Costs	67,829
Restricted for Future Capital Projects	1,562,903
Restricted for Subsequent Year's Budget	<u>1,145,309</u>
Total	<u>\$ 3,660,604</u>

**Comparative Summary of Net Position
As of June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current assets	\$ 3,673,167	\$ 2,830,495	\$ 114,470	\$ 176,825	\$ 3,787,637	\$ 3,007,320
Capital assets	<u>12,140,422</u>	<u>11,632,573</u>	<u>218,934</u>	<u>176,825</u>	<u>12,359,356</u>	<u>11,632,573</u>
Total assets	<u>15,813,589</u>	<u>14,463,068</u>	<u>333,404</u>	<u>176,825</u>	<u>16,146,993</u>	<u>14,639,893</u>
Deferred Outflows of Resources	<u>1,545,647</u>	<u>750,015</u>	<u> </u>	<u> </u>	<u>1,545,647</u>	<u>750,015</u>
LIABILITIES						
Current liabilities	753,742	611,071	3,630	2,111	757,372	613,182
Noncurrent liabilities	<u>9,095,327</u>	<u>8,843,278</u>	<u> </u>	<u> </u>	<u>9,095,327</u>	<u>8,843,278</u>
Total liabilities	<u>9,849,069</u>	<u>9,454,349</u>	<u>3,630</u>	<u>2,111</u>	<u>9,852,699</u>	<u>9,456,460</u>
Deferred Inflows of Resources	<u>510,240</u>	<u>218,260</u>	<u> </u>	<u> </u>	<u>510,240</u>	<u>218,260</u>
Net Position	<u>\$ 6,999,927</u>	<u>\$ 5,540,474</u>	<u>\$ 329,774</u>	<u>\$ 174,714</u>	<u>\$ 7,329,701</u>	<u>\$ 5,715,188</u>
Net Position Consist of:						
Net investment in capital assets	\$ 8,342,364	\$ 7,343,681	\$ 218,934	\$ -	\$ 8,561,298	\$ 7,343,681
Restricted Assets	3,660,604	2,836,649			3,660,604	2,836,649
Unrestricted Assets	<u>(5,003,041)</u>	<u>(4,639,856)</u>	<u>110,840</u>	<u>174,714</u>	<u>(4,892,201)</u>	<u>(4,465,142)</u>
Net Position	<u>\$ 6,999,927</u>	<u>\$ 5,540,474</u>	<u>\$ 329,774</u>	<u>\$ 174,714</u>	<u>\$ 7,329,701</u>	<u>\$ 5,715,188</u>

Westampton Township School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
Revenues:						
Charges for services	\$ -	\$ -	\$ 315,616	\$ 319,913	\$ 315,616	\$ 319,913
Operating grants and contributions	1,912,863	1,867,507	186,950	177,847	2,099,813	2,045,354
Property taxes	9,988,170	9,786,154			9,988,170	9,786,154
State aid - unrestricted	3,818,979	3,711,728			3,818,979	3,711,728
Other revenues	3,789	28,898	84	113	3,873	29,011
Total Revenues	15,723,801	15,394,287	502,650	497,873	16,226,451	15,892,160
Expenses:						
Governmental Activities:						
Instruction	6,504,442	6,525,810			6,504,442	6,525,810
Tuition	567,819	283,228			567,819	283,228
Related services	1,248,956	1,224,593			1,248,956	1,224,593
Administrative services	920,525	865,978			920,525	865,978
Operations and Maintenance	1,425,406	1,709,655			1,425,406	1,709,655
Transportation	617,215	652,063			617,215	652,063
Employee benefits	3,892,066	3,281,006			3,892,066	3,281,006
Interest on debt	130,750	106,041			130,750	106,041
Other	82,704	99,807			82,704	99,807
Loss on disposal of capital assets					-	-
Business-Type Activities:						
Food Service			544,480	488,903	544,480	488,903
Total Expenses	15,389,883	14,748,181	544,480	488,903	15,934,363	15,237,084
Increase (Decrease) in Net Position before transfers	333,918	646,106	(41,830)	8,970	292,088	655,076
Transfers						
Change in Net Position	333,918	646,106	(41,830)	8,970	292,088	655,076
Net Position, July 1, Restated	6,666,009	4,894,368	371,604	165,744	7,037,613	5,060,112
Net Position, June 30	\$ 6,999,927	\$ 5,540,474	\$ 329,774	\$ 174,714	\$ 7,329,701	\$ 5,715,188

Governmental Activities

Governmental activities increased the net position of the School District by \$333,918 during the current fiscal year. Key elements of the increase in net position for governmental activities are as follows:

- Reduction of long term debt.

Business-type Activities

Business-type activities decreased the School District's net position by \$41,830. Key elements of the decrease in net position for business-type activities are as follows:

- The Food Service program had a net loss in operations of \$41,830.

Financial Analysis of the Governmental Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$3,635,643, an increase of \$858,878 in comparison with the prior year. The majority of the increase is due to moderate spending.

The unassigned fund balance of \$35,914 for the School District at the end of the fiscal year represents the deficit unassigned fund balance in the General Fund (\$24,961) and the unassigned fund balance in the Debt Service Fund (\$60,875). The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been committed, as follows: 1) restricted for future appropriation in accordance with state statutes (\$884,563), 2) restricted for future capital projects (\$1,562,903), 3) appropriated as a revenue source in the subsequent year's budget (\$1,145,309) in the General Fund and (\$6,954) in Debt Service.

The general fund is the chief operating fund of the School District. As discussed earlier, the minimal unassigned fund balance is due, primarily, to the accounting treatments of compensated absences payable, net pension liability, the June state aid payments, and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

Special revenue fund revenues are generally recognized at the time that the outlays are identified; therefore no fund balances are normally generated.

General Fund Budgetary Highlights

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$294,791, while total fund balance (budgetary basis) was \$3,887,566. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$13,907,290. Unassigned fund balance (budgetary basis) represents 2.12% of expenditures while total fund balance (budgetary basis) represents 27.95% of that same amount.

Capital Assets and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$12,359,356 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$595,642, or a 4.60% decrease. The decrease is due to current year depreciation.

Capital Assets (net of accumulated depreciation) June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
Land	\$ 12,455	\$ 12,455	\$ -	\$ -	\$ 12,455	\$ 12,455
Const. in Progress					-	-
Site Improvements	97,587	109,481			97,587	109,481
Building and Building Improvements	11,684,872	12,182,117			11,684,872	12,182,117
Vehicles	16,120	16,120			16,120	16,120
Equipment	329,388	437,935	218,934	196,890	548,322	634,825
Total	\$ 12,140,422	\$ 12,758,108	\$ 218,934	\$ 196,890	\$ 12,359,356	\$ 12,954,998

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Long-term debt – During the fiscal year ended June 30, 2017, the School District had total bonded debt outstanding of \$3,790,058 backed by the full faith and credit of the School District. Additionally, the School District has long-term obligations for compensated absences in the amount of \$570,114.

General obligation bonds decreased \$490,834 in accordance with the annual payments due.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$34,906,318 and the legal debt margin was \$31,421,318.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2017-18 fiscal years.

- For the 2017-18 fiscal year the School District will be receiving no increase in state aid. The local tax levy in the General Fund increased \$187,291 over the previous year, resulting in a 2.00 percent increase. Salaries continue to increase contractually; however, the District has managed to control costs. The 2017-18 General Fund Budget is \$723,285 more than the previous year or a 5.27% increase. The tax rate for 2017 increased to \$0.873 from \$0.864 in 2016.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Westampton Township School District Business Administrator, 700 Rancocas Road, Westampton, New Jersey, 08060, telephone number (609) 261-1969.

Basic Financial Statements

District-Wide Financial Statements

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 3,611,643	\$ 19,965	\$ 3,631,608
Receivables, net	129,000	15,303	144,303
Internal balances	(67,476)	67,476	
Inventory		11,726	11,726
Capital Assets - Net (Note 5)	<u>12,140,422</u>	<u>218,934</u>	<u>12,359,356</u>
Total Assets	<u>15,813,589</u>	<u>333,404</u>	<u>16,146,993</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>1,545,647</u>		<u>1,545,647</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	<u>17,359,236</u>	<u>333,404</u>	<u>17,692,640</u>
LIABILITIES:			
Accounts payable			
Related to pensions	163,000		163,000
Other	37,524		37,524
Accrued Interest Payable	40,583		40,583
Unearned Revenue		3,630	3,630
Noncurrent Liabilities:			
Due within one year	512,635		512,635
Due beyond one year	<u>9,095,327</u>		<u>9,095,327</u>
Total Liabilities	<u>9,849,069</u>	<u>3,630</u>	<u>9,852,699</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	<u>510,240</u>		<u>510,240</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:	<u>10,359,309</u>	<u>3,630</u>	<u>10,362,939</u>
NET POSITION:			
Net investment in Capital Assets	8,342,364	218,934	8,561,298
Restricted for:			
Capital Reserve	1,562,903		1,562,903
Debt Service Funds	67,829		67,829
Other Purposes	2,029,872		2,029,872
Unrestricted (Deficit)	<u>(5,003,041)</u>	<u>110,840</u>	<u>(4,892,201)</u>
Total Net Position	<u>\$ 6,999,927</u>	<u>\$ 329,774</u>	<u>\$ 7,329,701</u>

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

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 4,548,378	\$ -	\$ 107,486	\$ -	\$ (4,440,892)	\$ -	\$ (4,440,892)
Special Education	1,805,723		14,797		(1,790,926)		(1,790,926)
Other instruction	150,341				(150,341)		(150,341)
Support Services:							
Tuition	567,819		120,500		(447,319)		(447,319)
Student & instruction related services	1,248,956		129,600		(1,119,356)		(1,119,356)
General administrative services	296,372				(296,372)		(296,372)
School administrative services	393,478				(393,478)		(393,478)
Central services	230,675				(230,675)		(230,675)
Plant operations and maintenance	1,425,406				(1,425,406)		(1,425,406)
Pupil transportation	617,215				(617,215)		(617,215)
Unallocated benefits	3,892,066		1,540,480		(2,351,586)		(2,351,586)
Interest on long-term debt	130,750				(130,750)		(130,750)
Unallocated depreciation and amortization	82,704				(82,704)		(82,704)
Total Governmental Activities	<u>15,389,883</u>	<u>-</u>	<u>1,912,863</u>	<u>-</u>	<u>(13,477,020)</u>	<u>-</u>	<u>(13,477,020)</u>
Business-Type Activities:							
Food service	544,480	315,616	186,950			(41,914)	(41,914)
Total Business-Type Activities	<u>544,480</u>	<u>315,616</u>	<u>186,950</u>	<u>-</u>	<u>-</u>	<u>(41,914)</u>	<u>(41,914)</u>
Total Primary Government	<u>\$ 15,934,363</u>	<u>\$ 315,616</u>	<u>\$ 2,099,813</u>	<u>\$ -</u>	<u>(13,477,020)</u>	<u>(41,914)</u>	<u>(13,518,934)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					9,364,561		9,364,561
Taxes levied for debt service					623,609		623,609
Federal and State aid not restricted					3,818,979		3,818,979
Investment Earnings					1,099	84	1,183
Miscellaneous Income					2,690		2,690
Total general revenues, special items, extraordinary items and transfers					<u>13,810,938</u>	<u>84</u>	<u>13,811,022</u>
Change in Net Position					333,918	(41,830)	292,088
Net Position - July 1, 2016, (Restated - See Note 21)					<u>6,666,009</u>	<u>371,604</u>	<u>7,037,613</u>
Net Position - June 30, 2017					<u>\$ 6,999,927</u>	<u>\$ 329,774</u>	<u>\$ 7,329,701</u>

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

Fund Financial Statements

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 3,541,239	\$ 2,577	\$ -	\$ 67,827	\$3,611,643
Receivables, net					
Federal Aid		559			559
State Aid	77,069		64,372		141,441
Interfund	67,508			2	67,510
Total Assets	<u>\$ 3,685,816</u>	<u>\$ 3,136</u>	<u>\$ 64,372</u>	<u>\$ 67,829</u>	<u>\$ 3,821,153</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	37,524				37,524
Intergovernmental Payable:					
Interfund	80,478	3,136	64,372		147,986
Total Liabilities	<u>118,002</u>	<u>3,136</u>	<u>64,372</u>	<u>-</u>	<u>185,510</u>
Fund Balances:					
Restricted for:					
Excess Surplus Designated For					
Subsequent Year	1,133,862				1,133,862
Excess Surplus	884,563				884,563
Capital Reserve	1,562,903				1,562,903
Assigned to:					
Subsequent Year's Budget	11,447			6,954	18,401
Unassigned	(24,961)			60,875	35,914
Total Fund Balances	<u>3,567,814</u>			<u>67,829</u>	<u>3,635,643</u>
Total Liabilities and Fund Balances	<u>\$ 3,685,816</u>	<u>\$ 3,136</u>	<u>\$ 64,372</u>	<u>\$ 67,829</u>	

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 \$23,305,477 and the accumulated depreciation is \$11,165,055. 12,140,422

Accounts payable related to the April 1, 2018 required PERS contribution that is not to be liquidated with current financial resources. (163,000)

The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred Outflows of Resources from Pensions	\$ 1,545,647	
Net Pension Liability	(5,239,790)	
Deferred Inflows of Resources from Pensions	<u>(510,240)</u>	(4,204,383)

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:

General Obligation Bonds	\$ (3,798,058)	
Accrued Interest Payable	(40,583)	
Compensated Absences Payable	<u>(570,114)</u>	(4,408,755)

Net position of governmental activities **\$ 6,999,927**

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

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 9,364,561	\$ -	\$ -	\$ 623,609	\$ 9,988,170
Interest earned on Capital Reserve	1,098				1,098
Miscellaneous	2,691				2,691
Total local sources	9,368,350			623,609	9,991,959
State sources	5,359,459				5,359,459
Federal sources		372,383			372,383
Total Revenues	14,727,809	372,383		623,609	15,723,801
EXPENDITURES:					
Current expense:					
Regular instruction	3,988,088	107,486			4,095,574
Special education instruction	1,790,926	14,797			1,805,723
Other instruction	150,341				150,341
Support services and undistributed costs:					
Tuition	447,319	120,500			567,819
Student & instruction related services	1,119,356	129,600			1,248,956
General administrative services	265,488				265,488
School administrative services	393,478				393,478
Central services	199,791				199,791
Plant operations and maintenance	1,256,291				1,256,291
Pupil transportation	617,215				617,215
Unallocated employee benefits	3,509,882				3,509,882
Capital outlay	169,115				169,115
Debt service:					
Principal				450,000	450,000
Interest and other charges				135,250	135,250
Total Expenditures	13,907,290	372,383		585,250	14,864,923
Excess (Deficiency) of Revenues over (under) Expenditures	820,519			38,359	858,878
Other Financing Sources (Uses):					
Proceeds of Refunding Bonds					
Deposit into Escrow Fund					
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	820,519			38,359	858,878
Fund Balances - July 1, 2016	2,747,295			29,470	2,776,765
Fund Balances - June 30, 2017	<u>\$ 3,567,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,829</u>	<u>\$ 3,635,643</u>

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

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	858,878
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Governmental Funds report capital outlays 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 current period.</p>		
Depreciation expense	\$ (617,686)	
Fixed asset additions	(617,686)	(617,686)
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		450,000
<p>Bond Premium arising from the issuance of the refunding school bonds is amortized in a systematic and rational manner over the duration of the related debt as a component of amortization.</p>		
		40,834
<p>Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount is the net effect of the difference in the treatment of interest on long-term debt.</p>		
		4,500
<p>Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.</p>		
		(382,184)
<p>In the statement of activities, certain operating expenses, (e.g. compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)</p>		
		(20,424)
Change in Net Position of Governmental Activities	\$	333,918

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

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
June 30, 2017

	<u>Food Service Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 19,965
Accounts Receivable:	
State	272
Federal	9,641
Other	5,390
Interfund	67,476
Inventories	<u>11,726</u>
Total Current Assets	<u>114,470</u>
Noncurrent Assets:	
Equipment	335,964
Less - Accumulated Depreciation	<u>(117,030)</u>
Total Noncurrent Assets	<u>218,934</u>
Total Assets	<u>333,404</u>
 LIABILITIES:	
Current Liabilities:	
Unearned Revenue	<u>3,630</u>
Total Current Liabilities	<u>3,630</u>
 NET POSITION:	
Net Investment in Capital Assets	218,934
Unrestricted	<u>110,840</u>
Total Net Position	<u><u>\$ 329,774</u></u>

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

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	Food Service Fund
OPERATING REVENUES:	
Charges for Services:	
Daily sales reimbursable programs:	
School lunch	\$ 165,700
Daily sales non-reimbursable programs:	
Adult and alacarte sales	65,373
Other	84,543
Total Operating Revenues	315,616
OPERATING EXPENSES:	
Salaries and fringe benefits	239,547
Management fee	22,584
Supplies and materials	17,342
Repairs and maintenance	10,554
Depreciation	21,282
Other costs	32,920
Cost of sales - reimbursable programs	146,774
Cost of sales - non-reimbursable programs	53,477
Total Operating Expenses	544,480
Operating Income (Loss)	(228,864)
Non-Operating Revenues:	
State sources:	
State school lunch program	4,290
Federal sources:	
National school lunch program	135,231
National school breakfast program	17,315
Food distribution program	30,114
Local sources:	
Interest earned	84
Total Non-Operating Revenues	187,034
Income (Loss) before Contributions and Transfers	(41,830)
Operating Transfer out	
Change in Net Position	(41,830)
Net Position - July 1, 2016, restated	371,604
Net Position - June 30, 2017	\$ 329,774

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

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 316,791
Cash payments to employees for services	(239,547)
Cash payments to suppliers for goods and services	<u>(247,009)</u>
Net cash provided by (used for) operating activities	<u>(169,765)</u>
Cash Flows from Noncapital Financing Activities:	
Cash received from state sources	3,478
Cash received from federal sources	123,271
Operating transfer out	<u> </u>
Net cash provided by noncapital financing activities	<u>126,749</u>
Cash Flows Used by Capital and Related Financing Activities:	
Purchase of equipment	<u>(43,326)</u>
Cash Flow Provided by Investing Activities:	
Interest on cash equivalents	<u>84</u>
Net increase (decrease) in cash and cash equivalents	(86,258)
Cash and cash equivalents - July 1, 2016	<u>106,223</u>
Cash and cash equivalents - June 30, 2017	<u>\$ 19,965</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)	
Operating Activities:	
Operating income (loss)	\$ (228,864)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Depreciation	21,282
Commodities	30,114
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	7,376
(Increase) decrease in inventories	(1,192)
(Increase) decrease in interfund receivable	
Increase (decrease) in accounts payable	
Increase (decrease) in unearned revenue	<u>1,519</u>
Net cash provided by (used for) operating activities	<u>\$ (169,765)</u>

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

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Trust Funds		
	Unemployment Compensation Insurance Trust	Private Purpose Scholarship Fund	Agency Funds
ASSETS:			
Cash and Cash Equivalents	\$ 31,132	\$ 5,446	\$ 60,833
Interfund Receivable			13,000
Total Assets	<u>\$ 31,132</u>	<u>\$ 5,446</u>	<u>\$ 73,833</u>
 LIABILITIES:			
Accounts Payable			
Payroll Deductions and Withholdings			26,932
Due to Student Groups			46,901
Total Liabilities	-		<u>\$ 73,833</u>
 NET POSITION:			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 31,132</u>		
Reserved for Scholarships		<u>\$ 5,446</u>	

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

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Unemployment Compensation Insurance Trust	Private Purpose Scholarship Fund
ADDITIONS:		
Contributions:		
Employee	\$ 11,990	\$ -
Donations		
Total contributions	<u>11,990</u>	<u>-</u>
Investment earnings:		
Interest	<u>5</u>	<u>6</u>
Net investment earnings	<u>5</u>	<u>6</u>
Total Additions	<u>11,995</u>	<u>6</u>
DEDUCTIONS:		
Unemployment claims	8,099	
Scholarships awarded		<u>300</u>
Total Deductions	<u>8,099</u>	<u>300</u>
Change in Net Position	3,896	(294)
Net position - July 1, 2016	<u>27,236</u>	<u>5,740</u>
Net position - June 30, 2017	<u>\$ 31,132</u>	<u>\$ 5,446</u>

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

Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Westampton Township School District ("School District") is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 8. Students in grades 9 through 12 attend the Rancocas Valley Regional High School District. The Westampton School District has an approximate enrollment at June 30, 2017 of 979 students.

The primary criteria for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School district over which the Board exercises operating control.

Component Units – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an Amendment of GASB Statement No. 14 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 School District's accounting policies are described below.

The School District's basic financial statements consists of government-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.

Government-wide Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Statements (Continued) -The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function 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. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America 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 which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those in the private sector.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued)

Enterprise Funds – The enterprise 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 School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The School District’s enterprise funds are:

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

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into investment in capital assets, net of related debt, and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: trust funds and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds (i.e. payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has four fiduciary funds; an unemployment compensation trust fund, a private purpose scholarship fund, a student activity fund, and a payroll fund.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net total position.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Fund Financial Statements (Continued) - The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that 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 School District, available means expected to be received within sixty days after fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School 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 School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, 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 fiscal 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.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; tuition, grants, fees, and rentals.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as unearned revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets/Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for their approval. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23A-16.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control (Continued) - 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 accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund. 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 budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances – governmental funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the one or more June state aid payments.

Encumbrances - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, and all eligibility and time requirements satisfied are reflected on the balance sheet as unearned grant revenue at fiscal year-end.

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Investments (Continued) - If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Tuition Receivable - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2017 and 2016 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

Inventories - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out basis.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed, and is not recorded since any amounts are considered immaterial to the basic financial statements.

Inventories recorded in the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

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

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

Short-Term Interfund Receivables / Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Capital Assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and the proprietary fund statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000.00. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued) - Depreciation is computed using the straight-line method over the following useful lives:

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

Bond Discount and Bond Premium – Bond discount and bond premium arising from the issuance of the general obligation bonds are recorded as liabilities. They are amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. Bond discount and bond premium are presented as an adjustment of the face amount of the bonds.

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

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

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

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

Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted – 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 law or regulations of other governments.

Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance – The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2017.

Restricted – This fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.

Assigned – This fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – This fund balance classification is the residual classification for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the School District's policy to spend restricted fund balances first. Likewise, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses.

Interfunds – Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Recently Issued Accounting Pronouncements - In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for financial statements for periods beginning after June 30, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In March 2016, the GASB issued Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. Furthermore, this Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures. Also, this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued) In March 2017, the GASB issued Statement 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In May 2017, the GASB issued Statement 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June 2017, the GASB issued Statement 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of \$3,931,302 as of June 30, 2017, \$250,000 was insured under FDIC and the remaining balance of \$3,681,302 was collateralized under GUDPA.

3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District 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 School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

3. CAPITAL RESERVE ACCOUNT (Continued)

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

Balance – July 1, 2016		\$ 1,061,805
Increased by:		
Board Resolution	\$ 500,000	
Interest earned	<u>1,098</u>	<u>501,098</u>
		1,562,903
Decreased by:		
Transfer by resolution		<u> </u>
 Balance – June 30, 2017		 <u>\$ 1,562,903</u>

The June 30, 2017 capital reserve balance does not exceed the LRFPP balance of local support costs of uncompleted projects.

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2017 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2017 for the School District’s individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Intergovernmental					
State	\$ 77,069	\$ -	\$ 64,372	\$ 272	\$ 141,713
Federal		559		9,641	10,200
Other				<u>5,390</u>	<u>5,390</u>
 Total	 <u>\$ 77,069</u>	 <u>\$ 559</u>	 <u>\$ 64,372</u>	 <u>\$ 15,303</u>	 <u>\$ 157,303</u>

Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

5. CAPITAL ASSETS

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

	Balance Restated July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental Activities:				
Land	\$ 12,455	\$ -	\$ -	\$ 12,455
Total Capital Assets not being				
Depreciation	12,455	-	-	12,455
Land Improvements	569,397			569,397
Building and Improvements	20,967,585			20,967,585
Vehicles	161,192			161,192
Equipment	1,594,848			1,594,848
Total Historical Cost	<u>23,305,477</u>	<u>-</u>	<u>-</u>	<u>23,305,477</u>
Less Accumulated Depreciation:				
Land Improvements	(459,916)	(11,894)		(471,810)
Building and Improvements	(8,785,468)	(497,245)		(9,282,713)
Vehicles	(145,072)			(145,072)
Equipment	(1,156,913)	(108,547)		(1,265,460)
Total Accumulated Depreciation	<u>(10,547,369)</u>	<u>(617,686)</u>	<u>-</u>	<u>(11,165,055)</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,758,108</u>	<u>\$ (617,686)</u>	<u>\$ -</u>	<u>\$ 12,140,422</u>
	Balance Restated July 1, 2016	Additions	Deletions	Balance June 30, 2017
Business-Type Activities:				
Equipment	\$ 292,638	\$ 43,326	\$ -	\$ 335,964
Less - Accumulated Depreciation	<u>(95,748)</u>	<u>(21,282)</u>		<u>(117,030)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 196,890</u>	<u>\$ 22,044</u>	<u>\$ -</u>	<u>\$ 218,934</u>

Depreciation expense in the amount of \$617,686 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 432,380
General Administration	30,884
School Administration	30,884
Unallocated	<u>123,538</u>
Total depreciation expense	<u>\$ 617,686</u>

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

6. INVENTORY

Inventory in the food service fund at June 30, 2017 consisted of the following:

Food	\$ 8,677
Supplies	<u>3,049</u>
	<u>\$ 11,726</u>

7. LONG-TERM OBLIGATIONS

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

	Principal Outstanding June 30, 2016	Additions	Reductions	Principal Outstanding June 30, 2017	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 549,690	\$ 41,848	\$ 21,424	\$ 570,114	\$ 26,801
General Obligation Bonds	3,935,000		450,000	3,485,000	445,000
Unamortized Premiums	353,892		40,834	313,058	40,834
Net Pension Liability	<u>4,516,954</u>	<u>722,836</u>		<u>5,239,790</u>	
	<u>\$ 9,355,536</u>	<u>\$ 764,684</u>	<u>\$ 512,258</u>	<u>\$ 9,607,962</u>	<u>\$ 512,635</u>

Bonds Payable - Bonds and loans are authorized in accordance with State law by the voters of the School District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are as follows:

2015 Refunding Bonds dated January 28, 2015 in the amount of \$3,485,000 due in annual installments through March 1, 2025, bearing an interest rate of 2.00%.

As of June 30, 2017, principal and interest due on bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 445,000	\$ 121,750	\$ 566,750
2019	440,000	108,400	548,400
2020	440,000	99,600	539,600
2021	435,000	86,400	521,400
2022	435,000	69,000	504,000
2023-2025	<u>1,290,000</u>	<u>103,200</u>	<u>1,393,200</u>
	<u>\$ 3,485,000</u>	<u>\$ 588,350</u>	<u>\$ 4,073,350</u>

As of June 30, 2017, the School District had no authorizations to issue additional bonded debt.

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. OPERATING LEASES

At June 30, 2017, the School District had operating lease agreements in effect for copy machines. Total rental payments for such leases were \$20,245 for the fiscal year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

Fiscal Year Ending June 30,	Amount
2018	\$ 18,554
2019	1,377
2020	1,377
2021	1,377
2022	1,033
	\$ 23,718

9. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). IN addition, several School District employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits. P.O. Box 295, Trenton, New Jersey, 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement, death and disability, and medical benefits to qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Vesting and Benefit Provisions – 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 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.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A.18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2017 was \$459,678 and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$427,085.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

At June 30, 2017, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

For the year ended June 30, 2017, the School District recognized pension expense of \$3,411,622 and revenue of \$3,411,622 for support provided by the State. Although the School 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 School District.

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	06/30/16	06/30/15
Collective deferred outflows of resources	\$ 17,414,701,002	\$ 7,521,378,257
Collective deferred inflows of resources	134,532,594	554,399,005
Collective net pension liability (Non-Employer – State of New Jersey)	79,028,907,033	63,577,864,440
State's portion of the net pension liability that was associated with the School District	45,405,902	35,640,423
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0577195869%	.0563892640%

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: 2.5%
- Salary Increases: 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.

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

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

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	0.39%
Government Bonds	01.50%	1.28%
Credit Bonds	13.00%	2.76%
Mortgages	02.00%	2.38%
Inflation-Indexed Bonds	01.50%	1.41%
High Yield Bonds	02.00%	4.70%
Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	06.50%	8.16%
Private Real Estate Property	05.25%	3.64%
Timber	01.00%	3.86%
Farmland	01.00%	4.39%
Private Equity	09.00%	8.97%
Commodities	00.50%	2.87%
Hedge Funds – MultiStrategy	05.00%	3.70%
Hedge Funds – Equity Hedge	03.75%	4.72%
Hedge Funds - Distressed	03.75%	3.49%
	100.00%	

Discount rate. The discount rate used to measure the State's 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 (State of New Jersey) will be made based on the contribution rate in the most recent fiscal year. The state contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2016, the pension plans measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.13%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13%) or 1 percentage point higher (5.13%) that the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	54,224,794	45,405,902	38,204,138
	\$ 54,224,794	\$ 45,405,902	\$ 38,204,138

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 Division of Pensions and Benefits financial report.

Public Employees' Retirement System (PERS)

Plan Description - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS designated purpose is to provide retirement, death and disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%.

An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 336, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 13.58% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$157,171 and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$88,195.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Adjustment</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2017	\$ 24,585	\$ -	\$ 125,115	\$ 7,471	\$ 157,171
2016	29,287	-	134,915	8,792	172,994
2015	28,507	-	131,869	10,862	171,238

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

At June 30, 2017, the School District reported a liability of \$5,239,790 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The School District's proportion of the of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2017, the School District recognized pension expense of \$382,174. At June 30, 2017, the School District reported a liability of \$5,239,790 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 97,444	\$ -
Changes of assumptions	1,085,405	
Net Difference between projected and actual earnings on pension plan investments	199,798	
Changes in proportion		510,240
District contributions subsequent to the measurement date	163,000	
Total	\$ 1,545,647	\$ 510,240

\$163,000 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 liability in the year ended 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:

For the year ended:	Net Deferred Outflows of Resources
2017	\$ 157,791
2018	157,791
2019	228,729
2020	188,254
2021	139,842
Total	\$ 872,407

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	-	5.00
Changes in proportion		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

Additional Information

Collective balances at June 30, 2016 and 2015 are as follows:

	<u>6/30/2016</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 3,578,755,666
Collective deferred inflows of resources	\$ 870,133,595	\$ 993,410,455
Collective net pension liability	\$ 29,617,131,759	\$ 22,447,996,119
District's Proportion	.0176917522%	.0201218565%

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

- Inflation rate: 3.08%
- Salary Increases:
 - Through 2025: 1.65-4.15% based on age
 - Thereafter: 2.65-5.15% based on age
- Investment Rate of Return: 7.65%

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in 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	05.00%	00.87%
U.S. Treasuries	01.50%	01.74%
Investment Grade Credit	08.00%	01.79%
Mortgages	02.00%	01.67%
High Yield Bonds	02.00%	04.56%
Inflation Indexed Bonds	01.50%	03.44%
Broad US Equities	26.00%	08.53%
Developed Foreign Equities	13.25%	06.83%
Emerging Market Equities	06.50%	09.95%
Private Equity	09.00%	12.40%
Hedge Funds/Absolute Ret	12.50%	04.68%
Real Estate (Property)	02.00%	06.91%
Commodities	00.50%	05.45%
Global Debt ex US	05.00%	-0.25%
REIT	05.25%	05.63%
	100.00%	

Discount rate. The discount rate used to measure the State's 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.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Discount rate (Continued) - The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the net pension liability	\$ 6,420,751	\$ 5,239,790	\$ 4,264,804

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 Division of Pensions and Benefits financial report.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on 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), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. 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.

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. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

Fiscal Year	Total Liability	Paid by School District
2017	\$ 10,552	\$ 10,552
2016	8,614	8,614
2015	5,335	5,335

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

10. STATE POST-RETIREMENT MEDICAL BENEFITS

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

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.1 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

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

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2017, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long term disability insurance were \$606,347, \$505,226, and \$1,531, respectively. In addition, \$427,376 on-behalf payments were made by the state for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

12. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

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

Joint Insurance Pool - The School District is a member of the Burlington County Insurance Pool Joint Insurance Fund. Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained by writing to: Burlington County Insurance Pool JIF. P.O. Box 449, Marlton, NJ 08053.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

12. RISK MANAGEMENT (Continued)

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

The following is a summary of School District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the School District's expendable trust fund for the current and previous two fiscal years:

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 5	\$ 11,990	\$ 8,099	\$ 31,132
2016	9	15,914	12,103	27,236
2015	6	24,099	997	23,416

13. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, available to all permanent School District employees, permit participants to defer a portion of their current salary to future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

14. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2017, the liability for compensated absences in the governmental activities was \$570,114.

15. CONTINGENCIES

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2017, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, unearned revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

16. INTERFUND BALANCES AND TRANSFERS

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2018. The following interfund balances were recorded on the various balance sheets as of June 30, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 67,508	\$ 80,478
Special Revenue		3,136
Capital Projects		64,372
Debt Service Fund	2	
Proprietary	67,476	
Fiduciary	13,000	
	<u>147,986</u>	<u>147,986</u>
Total	<u>\$ 147,986</u>	<u>\$ 147,986</u>

17. 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.

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

As of December 31, 2016, the Township of Westampton had no tax abatements.

18. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$24,961 in the General Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District can not recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

18. DEFICIT UNASSIGNED FUND BALANCE (CONTINUED)

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$24,961 is equal to or less than the June state aid payment.

19. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2017, a deficit of \$5,003,041 existed in the Unrestricted Net position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net position reported on Exhibited A-1 as follows:

Balances, June 30, 2017:	
Fund Balance - Unassigned	\$ (24,961)
Liabilities:	
Accrued Interest Payable	(40,583)
Net Pension Differences	(4,367,383)
Compensated Absences	<u>(570,114)</u>
Unrestricted Net Position (Deficit)	<u><u>\$ (5,003,041)</u></u>

20. FUND BALANCES

RESTRICTED

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, 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 \$884,563 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$1,133,862 of excess fund balance generated during the 2015-2016 fiscal year has been restricted and designated for utilization in the 2017-2018 budget.

Capital Reserve – As of June 30, 2017, the balance in the capital reserve account is \$1,562,903, all of which is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

ASSIGNED

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed.

**Westampton Township School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

20. FUND BALANCES (CONTINUED)

Specific assignments of the School District's fund balance are summarized as follows:

General Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017, \$11,447 of general fund balance.

Debt Service:

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017, \$6,954 of debt service fund balance.

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund – As of June 30, 2017, the fund balance of the general fund was a deficit of \$24,961. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 18).

Debt Service – As of June 30, 2017, \$60,875 of debt service fund balance was unassigned.

21. RESTATEMENT OF NET POSITION

Governmental Activities

As a result of adjusting fixed asset inventory, net position as of June 30, 2016 has been restated as follows:

Net Position as of June 30, 2016, as previously reported	\$	5,540,474
Inventory Adjustment to Fixed Assets		<u>1,125,535</u>
Net Position as Restated, July 1, 2016	\$	<u><u>6,666,009</u></u>

Business-type Activities

As a result of an inventory adjustment in the Food Service Fund, net position as of June 30, 2016 has been restated as follows:

Net Position as of June 30, 2016, as previously reported	\$	174,714
Inventory Adjustment to Fixed Assets		<u>196,890</u>
Net Position as Restated, July 1, 2016	\$	<u><u>371,604</u></u>

Required Supplementary Information - Part II

Budgetary Comparison Schedules

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	\$ 9,364,561	\$ -	\$ 9,364,561	\$ 9,364,561	\$ -
Interest earned on Capital Reserve				1,098	1,098
Unrestricted miscellaneous revenue		-		2,691	2,691
Total local sources	9,364,561	-	9,364,561	9,368,350	3,789
State sources:					
Categorical special education aid	557,873	-	557,873	557,873	-
Equalization aid	2,864,330	-	2,864,330	2,864,330	-
Security aid	93,300	-	93,300	93,300	-
Transportation aid	169,828	-	169,828	169,828	-
Under Adequacy Aid	22,243	-	22,243	22,243	-
Per Pupil Growth Aid	9,840	-	9,840	9,840	-
PARCC Readiness Aid	9,840	-	9,840	9,840	-
Professional Learning Community Aid	9,540	-	9,540	9,540	-
Extraordinary aid				35,047	35,047
Additional Nonpublic Transportation Aid				9,744	9,744
Homeless Tuition Aid				11,250	11,250
On-behalf TPAF pension contrib.. (non-budgeted)				606,347	606,347
On-behalf TPAF post retirement med.. (non-budgeted)				505,226	505,226
On-behalf TPAF LTDI (non-budgeted)				1,531	1,531
Reimbursed TPAF social security contribution (non-budgeted)				427,376	427,376
Total state sources	3,736,794	-	3,736,794	5,333,315	1,596,521
Federal sources:					
Special Education Medicaid Assistance (SEMI)	15,371	-	15,371		(15,371)
TOTAL REVENUES	13,116,726	-	13,116,726	14,701,665	1,584,939
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	361,932	-	361,932	357,630	4,302
Grades 1-5	2,007,584	(79,985)	1,927,599	1,861,142	66,457
Grades 6-8	1,444,222	79,985	1,524,207	1,519,509	4,698
Regular Programs - Home Instruction:					
Salaries of teachers	6,500	-	6,500	4,356	2,144
Regular Programs - Undistributed Instruction:					
Other purchased services	66,251	(25,000)	41,251	15,151	26,100
General supplies	372,353	(125,061)	247,292	218,011	29,281
Textbooks	30,000	-	30,000	6	29,994
Other objects	25,371	-	25,371	12,283	13,088
Total - Regular Programs - Instruction	4,314,213	(150,061)	4,164,152	3,988,088	176,064
Special Education Instruction:					
Cognitive - Moderate:					
Salaries of teachers	234,282	-	234,282	227,758	6,524
Other salaries for instruction	141,163	(16,633)	124,530	115,299	9,231
General supplies	2,000	-	2,000	635	1,365
Total cognitive - moderate	377,445	(16,633)	360,812	343,692	17,120
Learning and/or Language Disabilities:					
Salaries of teachers	453,860	26,830	480,690	480,690	-
Other salaries for instruction	417,522	91,633	509,155	509,154	1
General supplies	4,040	-	4,040	3,535	505
Total learning and/or language disab.	875,422	118,463	993,885	993,379	506

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

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WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education Instruction:					
Resource room/resource center:					
Salaries of teachers	\$ 535,479	\$ (64,830)	\$ 470,649	\$ 453,855	\$ 16,794
Total resource room/resource center	535,479	(64,830)	470,649	453,855	16,794
Total Special Education - Instruction	1,788,346	37,000	1,825,346	1,790,926	34,420
Basic Skills/Remedial - Instruction					
Salaries of teachers	61,452	13,000	74,452	70,057	4,395
General supplies	1,800	-	1,800	1,479	321
Total basic skills/remedial - instruction	63,252	13,000	76,252	71,536	4,716
Bilingual Education - Instruction					
Salaries of teachers	32,000	-	32,000	31,494	506
General supplies	800	-	800	390	410
Total bilingual education - instruction	32,800	-	32,800	31,884	916
School-Sponsored Cocurricular Act - Instruction:					
Salaries	42,100	-	42,100	30,261	11,839
Total school-sponsored cocurr. act. - instruct.	42,100	-	42,100	30,261	11,839
School-Sponsored Athletics - Instruction:					
Salaries	29,936	-	29,936	13,139	16,797
Purchased services	6,000	-	6,000	3,521	2,479
Total school-sponsored athletics - instruct.	35,936	-	35,936	16,660	19,276
Total Instruction	6,276,647	(100,061)	6,176,586	5,929,355	247,231
Undistributed Expenditures - Instruction					
Tuition to CSSD & Reg. Day Schools	296,000	146,119	442,119	442,119	-
Tuition to priv. sch. for the disabled in state	225,000	(171,119)	53,881	5,200	48,681
Total undistributed expenditures - instruction	521,000	(25,000)	496,000	447,319	48,681
Health Services:					
Salaries	123,419	2,576	125,995	125,993	2
Purchased professional and technical services	6,500	(3,593)	2,907	2,906	1
Other purchased services	9,630	1,883	11,513	11,382	131
Supplies and materials	4,000	-	4,000	3,936	64
Total health services	143,549	866	144,415	144,217	198
Speech, OT, PT & Related Services:					
Purchased professional & educational services	100,000	-	100,000	96,796	3,204
Total speech, ot, pt & related services	100,000	-	100,000	96,796	3,204

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

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WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Services Student - Extra. Serv.					
Salaries	\$ 59,529	\$ 283	\$ 59,812	\$ 59,812	\$ -
Supplies and materials	1,139	(283)	856	723	133
Total other support services student - extra. serv.	60,668	-	60,668	60,535	133
Guidance:					
Salaries of other professional staff	156,444	1,239	157,683	157,683	-
Supplies and materials	1,800	-	1,800	417	1,383
Total guidance	158,244	1,239	159,483	158,100	1,383
Child Study Teams:					
Salaries of other professional staff	261,627	(2,105)	259,522	221,286	38,236
Salaries of secretarial and clerical assistants	34,596	-	34,596	33,146	1,450
Purchased professional - educational services	1,200	-	1,200	-	1,200
Other purchased prof. and technical services	8,000	-	8,000	525	7,475
Miscellaneous purchased services	4,020	-	4,020	3,302	718
Supplies and materials	4,550	-	4,550	3,216	1,334
Total child study teams	313,993	(2,105)	311,888	261,475	50,413
Improvement of Instruction Services:					
Salaries of supervisors of instruction	93,636	2,650	96,286	96,286	-
Salaries of secretarial and clerical assistants	40,643	-	40,643	38,793	1,850
Other purchased services	5,800	(2,650)	3,150	428	2,722
Supplies and materials	2,200	-	2,200	1,373	827
Other objects	300	-	300	99	201
Total improvement of instructional services	142,579	-	142,579	136,979	5,600
Educational Media Services/School Library:					
Salaries	149,663	-	149,663	149,226	437
Other purchased services (400-500 series)	162,200	(2,100)	160,100	95,532	64,568
Supplies and materials	15,500	2,100	17,600	16,496	1,104
Total educational media services/school library	327,363	-	327,363	261,254	66,109
Support Services - General Administration:					
Salaries	155,000	-	155,000	152,050	2,950
Legal services	15,000	15,000	30,000	29,914	86
Audit fee	47,000	5,500	52,500	52,500	-
Communications / telephone	55,500	(17,604)	37,896	-	37,896
Other purchased services	13,200	(3,900)	9,300	3,955	5,345
General Supplies	9,800	(5,000)	4,800	1,565	3,235
Miscellaneous expenditures	19,500	6,004	25,504	25,504	-
Total support services - general administration	315,000	-	315,000	265,488	49,512
Support Services - School Administration:					
Salaries of principals/assist. principals	231,345	4,070	235,415	234,485	930
Salaries of secretarial and clerical assistants	212,760	(4,070)	208,690	142,901	65,789
Other purchased services	13,100	-	13,100	2,664	10,436
Supplies and materials	14,560	1,000	15,560	13,428	2,132
Other objects	2,572	(1,000)	1,572	-	1,572
Total support services - school administration	474,337	-	474,337	393,478	80,859

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

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WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - Central Services:					
Salaries	\$ 213,610	\$ -	\$ 213,610	\$ 171,754	\$ 41,856
Purchased technical services	17,250	-	17,250	15,155	2,095
Misc. purchased services	8,450	-	8,450	8,323	127
Supplies and materials	5,962	-	5,962	3,816	2,146
Misc. expenditures	1,085	-	1,085	743	342
Total support services - central services	246,357	-	246,357	199,791	46,566
Required Maintenance School Facilities:					
Salaries	71,447	1,627	73,074	72,469	605
Cleaning, repair and maintenance services	137,972	(2,703)	135,269	126,475	8,794
General supplies	63,000	1,076	64,076	64,075	1
Total required maintenance school facilities	272,419	-	272,419	263,019	9,400
Custodial Services:					
Salaries	510,908	17,405	528,313	505,000	23,313
Purchased professional and technical services	12,000	(8,905)	3,095	3,095	-
Other purchased property services	18,800	2,500	21,300	20,331	969
Insurance	97,000	-	97,000	95,000	2,000
Misc. purchased services	6,500	(6,500)	-	-	-
General supplies	4,500	(4,500)	-	-	-
Energy (natural gas)	165,000	(50,000)	115,000	63,063	51,937
Energy (electricity)	215,000	50,000	265,000	218,634	46,366
Total custodial services	1,029,708	-	1,029,708	905,123	124,585
Care & Upkeep of Grounds:					
Other objects	90,500	-	90,500	88,149	2,351
Total care & upkeep of grounds	90,500	-	90,500	88,149	2,351
Total operation & maint. of plant services	1,392,627	-	1,392,627	1,256,291	136,336
Student Transportation Services:					
Salaries of non-instructional aides	13,000	-	13,000	-	13,000
Contr. serv. (between home & school) - vendor	413,359	-	413,359	364,573	48,786
Contr. serv. (not between home & sch) - vendor	55,000	-	55,000	12,918	42,082
Contr. Serv. (Spl. Ed. Students) - vendor	250,000	-	250,000	233,583	16,417
Contr. Serv. (Spl. Ed. Students) - joint agree.	9,000	-	9,000	-	9,000
Transportation Supplies	10,000	-	10,000	6,141	3,859
Total student transportation services	750,359	-	750,359	617,215	133,144
Unallocated Benefits - Employee Benefits:					
Social security contributions	230,000	-	230,000	153,837	76,163
Other Retirement contributions - PERS	210,000	-	210,000	157,777	52,223
Health benefits	2,001,000	-	2,001,000	1,637,886	363,114
Unused sick pymts to Terminated/Retired Staff	20,000	-	20,000	19,902	98
Total unallocated benefits - employee benefits	2,461,000	-	2,461,000	1,969,402	491,598
On-behalf TPAF pension contr. (non-budgeted)	-	-	-	606,347	(606,347)
On-behalf TPAF post retirement med., (non-budgeted)	-	-	-	505,226	(505,226)
On-behalf TPAF LTDI (non-budgeted)	-	-	-	1,531	(1,531)
Reimbursed TPAF social security contr. (non-budgeted)	-	-	-	427,376	(427,376)
Total Undistributed Expenditures	7,407,076	(25,000)	7,382,076	7,808,820	(426,744)

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

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WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total General Current Expense	<u>\$ 13,683,723</u>	<u>\$ (125,061)</u>	<u>\$ 13,558,662</u>	<u>\$ 13,738,175</u>	<u>\$ (179,513)</u>
CAPITAL OUTLAY:					
Equipment					
Undistributed Expenditures - Special Schools		125,061	125,061	124,600	461
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA funding	<u>44,515</u>	<u>-</u>	<u>44,515</u>	<u>44,515</u>	<u>-</u>
Total Capital Outlay	<u>44,515</u>	<u>125,061</u>	<u>169,576</u>	<u>169,115</u>	<u>461</u>
TOTAL EXPENDITURES	<u>13,728,238</u>	<u>-</u>	<u>13,728,238</u>	<u>13,907,290</u>	<u>(179,052)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(611,512)	-	(611,512)	794,375	1,405,887
Fund Balance - July 1, 2016	<u>3,093,191</u>		<u>3,093,191</u>	<u>3,093,191</u>	
Fund Balance - June 30, 2017	<u>\$ 2,481,679</u>	<u>\$ -</u>	<u>\$ 2,481,679</u>	<u>\$ 3,887,566</u>	<u>\$ 1,405,887</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 1,562,903	
Excess surplus - designated for subsequent year's expenditures				1,133,862	
Excess surplus				884,563	
Assigned Fund Balance:					
Designated for subsequent year's expenditures				11,447	
Unassigned Fund Balance				<u>294,791</u>	
				3,887,566	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(319,752)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,567,814</u>	

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

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
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
REVENUES:					
State sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	384,953		384,953	372,383	(12,570)
Total Revenues	384,953		384,953	372,383	(12,570)
EXPENDITURES:					
Instruction:					
Salaries of teachers	73,840	-	73,840	73,840	-
Tuition	120,500	-	120,500	120,500	-
General supplies	51,254	551	51,805	48,443	3,362
Textbooks		-			-
Total Instruction	245,594	551	246,145	242,783	3,362
Support Services:					
Salaries	56,428	-	56,428	56,428	-
Personal services - employee benefits	22,471	-	22,471	22,471	-
Purchased professional - educ. services	59,789	-	59,789	50,581	9,208
Travel	120	-	120	120	-
Supplies and materials	551	(551)			-
Total Support Services	139,359	(551)	138,808	129,600	9,208
Facilities Acquisition and Construction Services:					
Instructional equipment					
Total Facilities Acq. and Const. Services	-	-	-	-	-
Total Expenditures	384,953	-	384,953	372,383	12,570
Total Outflows	384,953	-	384,953	372,383	12,570
Excess (Deficiency) of Revenues over (under) Expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
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 schedules	\$ 14,701,665	\$ 372,383
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	345,896	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(319,752)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 14,727,809	\$ 372,383
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 13,907,290	\$ 372,383
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 13,907,290	\$ 372,383

Required Supplementary Information - Part III
Schedules Related to Accounting and Reporting
For Pensions (GASB 68)

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0176917522%	0.0201218565%	0.0207715910%	0.0210936043%
District's proportionate share of the net pension liability (asset)	\$ 5,239,790	\$ 4,516,954	\$ 3,889,010	\$ 4,031,407
District's covered-employee payroll	1,200,459	1,204,545	1,251,745	1,271,898
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	436.48%	374.99%	310.69%	316.96%
Plan fiduciary net position as a percentage of the total pension liability	31.20%	38.21%	42.74%	40.71%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Contributions
Public Employees Retirement System
Last Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 163,000	\$ 157,171	\$ 172,994	\$ 171,238
Contributions in relation to the contractually required contributions	<u>(163,000)</u>	<u>(157,171)</u>	<u>(17,294)</u>	<u>(171,238)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,700</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,200,459	\$ 1,204,545	\$ 1,251,745	\$ 1,271,898
Contributions as a percentage of covered-employee payroll	13.58%	13.05%	13.82%	13.46%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportionate share of the net pension liability (asset)	0.0577195869%	0.0563892640%	0.0594168405%	0.0594168405%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 45,405,902</u>	<u>\$ 35,640,423</u>	<u>\$ 31,756,367</u>	<u>\$ 27,662,779</u>
Total	<u><u>\$ 45,405,902</u></u>	<u><u>\$ 35,640,423</u></u>	<u><u>\$ 31,756,367</u></u>	<u><u>\$ 27,662,779</u></u>
District's covered-employee payroll	\$ 5,925,827	\$ 5,658,782	\$ 5,596,106	\$ 5,686,203
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

Westampton Township School District
Notes to Required Supplementary Information
Pension Schedules
For the Fiscal Year Ended June 30, 2017

1. Teacher's Pension and Annuity Fund (TPAF)

Changes of benefit term: 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: 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.

2. Public Employees' Retirement System (PERS)

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

Other Supplementary Information

Special Revenue Fund

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	No Child Left Behind			Individuals with Disabilities Education Act Part B		Total
	Title I	Title II A	Title III	Basic	Preschool	
REVENUES:						
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	116,649	6,328	4,127	242,144	3,135	372,383
Total Revenues	116,649	6,328	4,127	242,144	3,135	372,383
EXPENDITURES:						
Instruction:						
Salaries of Teachers	70,428		3,412			73,840
Tuition				120,500		120,500
General supplies	33,646			11,662	3,135	48,443
Total Instruction	104,074	-	3,412	132,162	3,135	242,783
Support Services:						
Salaries				56,428		56,428
Personal services-employee benefits	7,800			14,671		22,471
Purchased prof. educational services	4,775	6,328	595	38,883		50,581
Travel			120			120
Total support Services	12,575	6,328	715	109,982	-	129,600
Facilities Acquisition and Const. Serv.:						
Building improvements						-
Instructional equipment						-
Total Facilities Acq. and Const. Serv.	-	-	-	-	-	-
Total Expenditures	116,649	6,328	4,127	242,144	3,135	372,383
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects Fund

**WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2017**

Revenues and Other Financing Sources:

Transfer from Capital Outlay	\$ -
State Sources - SDA Grant	_____
Total revenues and other financing sources	_____

Expenditures and Other Financing (Uses):

Equipment	
Total expenditures and other financing (uses)	_____
Excess (deficiency) or revenues over (under) expenditures	_____
Fund Balance - July 1, 2016	_____
Fund Balance - June 30, 2017	\$ _____

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Replace phone/security system to Westampton Middle School
From Inception and for the Fiscal Year ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SDA Grant	\$ 64,372	\$ -	\$ 64,372	\$ 64,372
Transfer from Capital Outlay	101,044		101,044	101,044
Total revenues	165,416		165,416	165,416
 Expenditures and Other Financing Uses:				
Equipment	165,416		165,416	165,416
	165,416		165,416	165,416
Excess (deficiency) or revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
 Additional project information:				
Project Number	5720-050-14-1001			
Grant Date	03/26/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	\$ -			
Original Authorized Cost	\$ 160,929			
Additional Authorized Cost	\$ 4,487			
Revised Authorized Cost	\$ 165,416			
Percentage Increase over Original Authorized Cost	0.16%			
Percentage Completion	100.00%			
Original target completion date	06/30/14			
Revised target completion date	07/31/14			

Proprietary Funds

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
June 30, 2017

	<u>Food Service Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 19,965
Accounts Receivable:	
State	272
Federal	9,641
Other	5,390
Interfund	67,476
Inventories	<u>11,726</u>
Total Current Assets	<u>114,470</u>
Noncurrent Assets:	
Equipment	335,964
Less - Accumulated Depreciation	<u>(117,030)</u>
Total Noncurrent Assets	<u>218,934</u>
Total Assets	<u>333,404</u>
 LIABILITIES:	
Current Liabilities:	
Unearned Revenue	<u>3,630</u>
Total Current Liabilities	<u>3,630</u>
 NET POSITION:	
Net Investment in Capital Assets	218,934
Unrestricted	<u>110,840</u>
Total Net Position	<u>\$ 329,774</u>

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
OPERATING REVENUES:	
Charges for Services:	
Daily sales reimbursable programs:	
School lunch	\$ 165,700
Daily sales non-reimbursable programs:	
Adult and a la carte sales	65,373
Other	<u>84,543</u>
Total Operating Revenues	<u>315,616</u>
OPERATING EXPENSES:	
Salaries and fringe benefits	239,547
Management fee	22,584
Supplies and materials	17,342
Repairs and maintenance	10,554
Depreciation	21,282
Other costs	32,920
Cost of sales - reimbursable programs	146,774
Cost of sales - non-reimbursable programs	<u>53,477</u>
Total Operating Expenses	<u>544,480</u>
Operating Income (Loss)	<u>(228,864)</u>
Non-Operating Revenues:	
State sources:	
State school lunch program	4,290
Federal sources:	
National school lunch program	135,231
National school breakfast program	17,315
Food distribution program	30,114
Local sources:	
Interest earned	<u>84</u>
Total Non-Operating Revenues	<u>187,034</u>
Income (Loss) before Contributions and Transfers	(41,830)
Operating Transfer out	<u> </u>
Change in Net Position	(41,830)
Net Position - July 1, 2016, restated	<u>371,604</u>
Net Position - June 30, 2017	<u><u>\$ 329,774</u></u>

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 316,791
Cash payments to employees for services	(239,547)
Cash payments to suppliers for goods and services	<u>(247,009)</u>
Net cash provided by (used for) operating activities	<u>(169,765)</u>
Cash Flows from Noncapital Financing Activities:	
Cash received from state sources	3,478
Cash received from federal sources	123,271
Operating transfer out	<u> </u>
Net cash provided by noncapital financing activities	<u>126,749</u>
Cash Flows Used by Capital and Related Financing Activities:	
Purchase of equipment	<u>(43,326)</u>
Cash Flow Provided by Investing Activities:	
Interest on cash equivalents	<u>84</u>
Net increase (decrease) in cash and cash equivalents	(86,258)
Cash and cash equivalents - July 1, 2016	<u>106,223</u>
Cash and cash equivalents - June 30, 2017	<u>\$ 19,965</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)	
Operating Activities:	
Operating income (loss)	\$ (228,864)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Depreciation	21,282
Commodities	30,114
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	7,376
(Increase) decrease in inventories	(1,192)
(Increase) decrease in interfund receivable	
Increase (decrease) in accounts payable	
Increase (decrease) in unearned revenue	<u>1,519</u>
Net cash provided by (used for) operating activities	<u>\$ (169,765)</u>

Fiduciary Funds

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2017

	Trust Funds		Agency Funds		
	Unemployment Compensation Insurance	Scholarship Funds	Student Activity	Payroll	Total
ASSETS:					
Cash and Cash Equivalents	\$ 31,132	\$ 5,446	\$ 46,901	\$ 13,932	\$ 97,411
Interfund receivable				13,000	13,000
Total Assets	\$ 31,132	\$ 5,446	\$ 46,901	\$ 26,932	\$ 110,411
 LIABILITIES:					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Deductions Payable				26,932	26,932
Due to Student Groups			46,901		46,901
Total Liabilities			\$ 46,901	\$ 26,932	73,833
 NET POSITION:					
Held in Trust for Unemployment Claims	31,132				31,132
Held in Trust for Scholarsips		5,446			5,446
Total Net Position	\$ 31,132	\$ 5,446			\$ 36,578

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Years Ended June 30, 2017

	<u>Scholarship Trust Fund</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Totals</u>
Additions:			
Interest on investments	\$ 6	\$ 5	\$ 11
Donations			
Employee withholdings		11,990	11,990
Total Additions	<u>6</u>	<u>11,995</u>	<u>12,001</u>
Deductions:			
Unemployment compensation insurance claims		8,099	8,099
Scholarships	<u>300</u>		<u>300</u>
Total Deductions	<u>300</u>	<u>8,099</u>	<u>8,399</u>
Change in Net Position	(294)	3,896	3,602
Net Position - July 1, 2016	<u>5,740</u>	<u>27,236</u>	<u>32,976</u>
Net Position - June 30, 2017	<u>\$ 5,446</u>	<u>\$ 31,132</u>	<u>\$ 36,578</u>

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable</u>	<u>Balance June 30, 2017</u>
Middle School	\$ 30,931	\$ 50,974	\$ 48,692	\$ -	\$ 33,213
Elementary School	<u>17,804</u>	<u>16,210</u>	<u>20,326</u>		<u>13,688</u>
Total all schools	<u>\$ 48,735</u>	<u>\$ 67,184</u>	<u>\$ 69,018</u>	<u>\$ -</u>	<u>\$ 46,901</u>

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS:				
Cash and cash equivalents	\$ 22,182	\$ 8,647,874	\$ 8,656,124	\$ 13,932
Interfund receivable		13,000		13,000
Total Assets	<u>\$ 22,182</u>	<u>\$ 8,660,874</u>	<u>\$ 8,656,124</u>	<u>\$ 26,932</u>
 LIABILITIES:				
Net payroll	\$ -	\$ 4,579,147	\$ 4,579,147	\$ -
Payroll deductions and withholdings	<u>22,182</u>	<u>4,081,727</u>	<u>4,076,977</u>	<u>26,932</u>
Total Liabilities	<u>\$ 22,182</u>	<u>\$ 8,660,874</u>	<u>\$ 8,656,124</u>	<u>\$ 26,932</u>

Long-Term Debt Schedules

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
			Date	Amount					
Refunding Bonds of 2015	01/28/15	\$ 3,980,000	03/01/18	\$ 445,000	3.00%	\$ 3,935,000	\$ -	\$ 450,000	\$ 3,485,000
			03/01/19	440,000	2.00%				
			03/01/20	440,000	4.00%				
			03/01/21	435,000	4.00%				
			03/01/22	435,000	4.00%				
			03/01/23	430,000	4.00%				
			03/01/24	430,000	4.00%				
			03/01/25	430,000	4.00%				

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the 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</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 623,609	\$ -	\$ 623,609	\$ 623,609	\$ -
Miscellaneous					
Total Revenues	<u>623,609</u>		<u>623,609</u>	<u>623,609</u>	
EXPENDITURES:					
Regular debt service:					
Interest	196,125	-	196,125	135,250	60,875
Redemption of principal	450,000		450,000	450,000	-
Total Expenditures	<u>646,125</u>		<u>646,125</u>	<u>585,250</u>	<u>60,875</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(22,516)</u>		<u>(22,516)</u>	<u>38,359</u>	<u>60,875</u>
Other Financing Sources:					
Proceeds of Refunding Bonds					
Deposit in to Escrow Fund					-
Total Other Financing Sources					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(22,516)		(22,516)	38,359	60,875
Fund Balance - July 1, 2016	<u>29,470</u>		<u>29,470</u>	<u>29,470</u>	
Fund Balance - June 30, 2017	<u>\$ 6,954</u>	<u>\$ -</u>	<u>\$ 6,954</u>	<u>\$ 67,829</u>	<u>\$ 60,875</u>

Statistical Section

Westampton Township School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

J-1

	<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>
Governmental activities:										
Net investment in capital assets	\$ 4,813,771	\$ 6,063,662	\$ 5,807,948	\$ 6,129,929	\$ 6,463,235	\$ 6,808,793	\$ 7,186,388	\$ 7,351,882	\$ 7,343,681	\$ 8,342,364
Restricted for:										
Capital projects	893,074	419,268	364,368	109,296	65,919	-	400,000	900,000	1,061,805	1,562,903
Debt service	169,882	60,489	29,376	48,520	29,144	1,124	26	22,516	29,470	67,829
Other purposes	520,535	450,000	300,000	386,408	804,934	1,321,262	1,100,441	1,117,473	1,745,374	2,029,872
Unrestricted	(1,654,679)	(1,986,373)	(967,881)	(736,593)	(631,894)	(776,728)	(655,716)	(4,497,503)	(4,639,856)	(5,003,041)
Total governmental activities net assets	<u>\$ 4,742,583</u>	<u>\$ 5,007,046</u>	<u>\$ 5,533,811</u>	<u>\$ 5,937,560</u>	<u>\$ 6,731,338</u>	<u>\$ 7,354,451</u>	<u>\$ 8,031,139</u>	<u>\$ 4,894,368</u>	<u>\$ 5,540,474</u>	<u>\$ 6,999,927</u>
Business-type activities:										
Net investment in capital assets	\$ 23,288	\$ 20,431	\$ 15,799	\$ 13,585	\$ 11,373	\$ 10,018	\$ 9,519	\$ 9,269	\$ -	\$ 218,934
Unrestricted	48,077	37,765	50,732	57,384	75,334	95,266	124,340	156,475	174,714	110,840
Total business-type activities net assets	<u>\$ 71,365</u>	<u>\$ 58,196</u>	<u>\$ 66,531</u>	<u>\$ 70,969</u>	<u>\$ 86,707</u>	<u>\$ 105,284</u>	<u>\$ 133,859</u>	<u>\$ 165,744</u>	<u>\$ 174,714</u>	<u>\$ 329,774</u>
District-wide:										
Net investment in capital assets	\$ 4,837,059	\$ 6,084,093	\$ 5,823,747	\$ 6,143,514	\$ 6,474,608	\$ 6,818,811	\$ 7,195,907	\$ 7,361,151	\$ 7,343,681	\$ 8,561,298
Restricted:										
Capital projects	893,074	419,268	364,368	109,296	65,919	-	400,000	900,000	1,061,805	1,562,903
Debt service	169,882	60,489	29,376	48,520	29,144	1,124	26	22,516	29,470	67,829
Other purposes	520,535	450,000	300,000	386,408	804,934	1,321,262	1,100,441	1,117,473	1,745,374	2,029,872
Unrestricted	(1,606,602)	(1,948,608)	(917,149)	(679,209)	(556,560)	(681,462)	(531,376)	(4,341,028)	(4,465,142)	(4,892,201)
Total district net position	<u>\$ 4,813,948</u>	<u>\$ 5,065,242</u>	<u>\$ 5,600,342</u>	<u>\$ 6,008,529</u>	<u>\$ 6,818,045</u>	<u>\$ 7,459,735</u>	<u>\$ 8,164,998</u>	<u>\$ 5,060,112</u>	<u>\$ 5,715,188</u>	<u>\$ 7,329,701</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 4,305,790	\$ 4,597,809	\$ 4,090,056	\$ 4,225,938	\$ 3,911,706	\$ 4,098,631	\$ 4,182,406	\$ 4,169,166	\$ 4,499,756	\$ 4,548,378
Special education	1,330,981	995,160	991,371	1,150,010	1,770,905	1,728,674	1,766,138	1,936,270	1,876,272	1,805,723
Other instruction	449,759	472,222	494,602	312,757	309,298	316,971	316,229	310,172	149,782	150,341
Support Services:										
Tuition	172,242	289,851	456,160	369,032	502,230	446,928	453,282	679,478	283,228	567,819
Student & instruction related services	1,048,537	1,083,599	1,179,351	1,146,572	1,088,607	1,221,665	1,287,785	1,281,367	1,224,593	1,248,956
School administrative services	639,539	615,223	491,908	458,076	467,505	606,602	539,169	584,508	392,824	393,478
General and business administrative services	607,461	654,385	687,087	572,062	477,470	381,520	384,089	317,170	473,154	527,047
Plant operations and maintenance	922,149	1,004,940	1,268,480	1,424,141	1,142,949	1,329,430	1,721,964	1,374,002	1,709,655	1,425,406
Pupil transportation	646,810	680,618	617,065	597,504	696,813	708,340	669,754	691,369	652,063	617,215
Business and other support services										
Unallocated employee benefits	2,823,297	2,601,951	2,665,852	2,881,582	2,987,519	3,150,558	2,931,291	3,000,563	3,281,006	3,892,066
Interest on long-term debt	424,245	370,026	318,646	299,485	274,161	258,826	229,935	437,701	106,041	130,750
Unallocated depreciation	140,926	113,402	233,097	122,442	121,220	97,836	105,526	79,134	99,807	82,704
Total governmental activities expenses	<u>13,511,736</u>	<u>13,479,186</u>	<u>13,493,675</u>	<u>13,559,601</u>	<u>13,730,383</u>	<u>14,345,981</u>	<u>14,587,568</u>	<u>14,860,900</u>	<u>14,748,181</u>	<u>15,389,883</u>
Business-type activities:										
Food service	355,686	337,267	340,281	297,130	369,481	371,921	413,804	428,883	488,903	544,480
After School Program	9,655	5,001								
Substitute service program	26,997	27,845								
Total business-type activities expense	<u>392,338</u>	<u>370,113</u>	<u>340,281</u>	<u>297,130</u>	<u>369,481</u>	<u>371,921</u>	<u>413,804</u>	<u>428,883</u>	<u>488,903</u>	<u>544,480</u>
Total district expenses	<u>\$ 13,904,074</u>	<u>\$ 13,849,299</u>	<u>\$ 13,833,956</u>	<u>\$ 13,856,731</u>	<u>\$ 14,099,864</u>	<u>\$ 14,717,902</u>	<u>\$ 15,001,372</u>	<u>\$ 15,289,783</u>	<u>\$ 15,237,084</u>	<u>\$ 15,934,363</u>
Program Revenues:										
Governmental activities:										
Operating grants and contributions	1,757,338	1,462,890	1,597,001	1,395,050	1,564,747	1,770,572	1,712,850	1,808,974	1,867,507	1,912,863
Total governmental activities program revenues	<u>1,757,338</u>	<u>1,462,890</u>	<u>1,597,001</u>	<u>1,395,050</u>	<u>1,564,747</u>	<u>1,770,572</u>	<u>1,712,850</u>	<u>1,808,974</u>	<u>1,867,507</u>	<u>1,912,863</u>

(Continued)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services:										
Food service	\$ 265,703	\$ 254,183	\$ 252,199	\$ 203,889	\$ 262,119	\$ 262,551	\$ 289,599	\$ 297,166	\$ 319,913	\$ 315,616
After School Program	10,111	4,545								
Substitute service program	26,998	27,845								
Operating grants and contributions	71,223	77,009	96,134	97,341	123,078	127,898	152,717	163,516	177,847	186,950
Capital grants and contributions										
Total business type activities program revenues	<u>374,035</u>	<u>363,582</u>	<u>348,333</u>	<u>301,230</u>	<u>385,197</u>	<u>390,449</u>	<u>442,316</u>	<u>460,682</u>	<u>497,760</u>	<u>502,566</u>
Total district program revenues	<u>\$ 2,131,373</u>	<u>\$ 1,826,472</u>	<u>\$ 1,945,334</u>	<u>\$ 1,696,280</u>	<u>\$ 1,949,944</u>	<u>\$ 2,161,021</u>	<u>\$ 2,155,166</u>	<u>\$ 2,269,656</u>	<u>\$ 2,365,267</u>	<u>\$ 2,415,429</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (11,754,398)	\$ (12,016,296)	\$ (11,896,674)	\$ (12,164,551)	\$ (12,165,636)	\$ (12,575,409)	\$ (12,874,718)	\$ (13,051,926)	\$ (12,880,674)	\$ (13,477,020)
Business-type activities	(18,303)	(6,531)	8,052	4,100	15,716	18,528	28,512	31,799	8,857	(41,914)
Total district-wide net expense	<u>\$ (11,772,701)</u>	<u>\$ (12,022,827)</u>	<u>\$ (11,888,622)</u>	<u>\$ (12,160,451)</u>	<u>\$ (12,149,920)</u>	<u>\$ (12,556,881)</u>	<u>\$ (12,846,206)</u>	<u>\$ (13,020,127)</u>	<u>\$ (12,871,817)</u>	<u>\$ (13,518,934)</u>
General Revenues and Other Changes in Net Assets:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 7,139,593	\$ 7,370,164	\$ 7,664,970	\$ 8,306,970	\$ 8,473,109	\$ 8,666,114	\$ 8,826,754	\$ 9,003,289	\$ 9,183,354	\$ 9,364,561
Taxes levied for debt service	735,788	717,420	870,869	938,439	928,949	907,078	932,857	964,178	602,800	623,609
Unrestricted grants and contributions	3,710,821	3,616,520	3,846,440	3,274,145	3,587,078	3,660,840	3,783,612	3,804,966	3,711,728	3,818,979
State aid restricted for capital projects	104,383	315,871								
Investment earnings	51,587	3,904			46	1,768	2,087	2,652	571	1,099
Miscellaneous income	67,604	26,204	41,160	48,746	13,609	50,903	6,096	12,541	28,327	2,690
Loss on disposal of capital assets					(43,377)	-	-	-	-	-
Transfers		6,922								
Total governmental activities	<u>11,809,776</u>	<u>12,057,005</u>	<u>12,423,439</u>	<u>12,568,300</u>	<u>12,959,414</u>	<u>13,286,703</u>	<u>13,551,406</u>	<u>13,787,626</u>	<u>13,526,780</u>	<u>13,810,938</u>
Business-type activities:										
Investment earnings	1,054	284	283	338	22	49	63	86	113	84
Transfers		(6,922)								
Total business-type activities	<u>1,054</u>	<u>(6,638)</u>	<u>283</u>	<u>338</u>	<u>22</u>	<u>49</u>	<u>63</u>	<u>86</u>	<u>113</u>	<u>84</u>
Total district-wide	<u>\$ 11,810,830</u>	<u>\$ 12,050,367</u>	<u>\$ 12,423,722</u>	<u>\$ 12,568,638</u>	<u>\$ 12,959,436</u>	<u>\$ 13,286,752</u>	<u>\$ 13,551,469</u>	<u>\$ 13,787,712</u>	<u>\$ 13,526,893</u>	<u>\$ 13,811,022</u>
Change in Net Position:										
Governmental activities	\$ 55,378	\$ 40,709	\$ 526,765	\$ 403,749	\$ 793,778	\$ 711,294	\$ 676,688	\$ 735,700	\$ 646,106	\$ 333,918
Business-type activities	(17,249)	(13,169)	8,335	4,438	15,738	18,577	28,575	31,885	8,970	(41,830)
Total district-wide	<u>\$ 38,129</u>	<u>\$ 27,540</u>	<u>\$ 535,100</u>	<u>\$ 408,187</u>	<u>\$ 809,516</u>	<u>\$ 729,871</u>	<u>\$ 705,263</u>	<u>\$ 767,585</u>	<u>\$ 655,076</u>	<u>\$ 292,088</u>

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

J-3

	<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>
General Fund:										
Restricted for:										
Excess surplus	\$ -	\$ -	\$ -	\$ 86,408	\$ 504,934	\$ 535,762	\$ 543,877	\$ 553,371	\$ 1,133,862	\$ 884,563
Capital Reserve							400,000	900,000	1,061,805	1,562,903
Assigned for:										
Year-end Encumbrances										
Designated for subsequent year's budget	520,535	450,000	300,000	300,000	300,000	785,500	556,564	564,102	611,512	1,145,309
Unassigned	(3,552)	(327,463)	(208,145)	9,853	3,189	(42,748)	(54,183)	5,363	(59,884)	(24,961)
Total general fund	<u>\$ 516,983</u>	<u>\$ 122,537</u>	<u>\$ 91,855</u>	<u>\$ 396,261</u>	<u>\$ 808,123</u>	<u>\$ 1,278,514</u>	<u>\$ 1,446,258</u>	<u>\$ 2,022,836</u>	<u>\$ 2,747,295</u>	<u>\$ 3,567,814</u>
All Other Governmental Funds										
Assigned For:										
Capital projects fund	\$ 893,074	\$ 419,268	\$ 364,368	\$ 109,296	\$ 65,919	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service fund	169,882	60,489	29,376	48,520	29,144	1,124	26	22,516	29,470	67,829
Total all other governmental funds	<u>\$ 1,062,956</u>	<u>\$ 479,757</u>	<u>\$ 393,744</u>	<u>\$ 157,816</u>	<u>\$ 95,063</u>	<u>\$ 1,124</u>	<u>\$ 26</u>	<u>\$ 22,516</u>	<u>\$ 29,470</u>	<u>\$ 67,829</u>

District was not required to follow GASB 34 reporting format until fiscal year 2004.

Westampton Township School District
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

J-4

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 7,875,381	\$ 8,087,584	\$ 8,535,839	\$ 9,245,409	\$ 9,402,058	\$ 9,573,192	\$ 9,759,611	\$ 9,967,467	\$ 9,786,154	\$ 9,988,170
Tuition charges										
Interest earnings	51,587								571	1,098
Miscellaneous	67,604	30,108	41,160	48,746	13,655	52,671	8,183	15,193	28,327	2,691
State sources	5,284,450	5,086,789	4,506,293	4,277,316	4,682,514	5,075,529	5,116,902	5,222,100	5,164,400	5,359,459
Federal sources	288,092	308,492	937,148	391,879	469,311	355,883	379,560	391,840	414,835	372,383
Total revenue	<u>13,567,114</u>	<u>13,512,973</u>	<u>14,020,440</u>	<u>13,963,350</u>	<u>14,567,538</u>	<u>15,057,275</u>	<u>15,264,256</u>	<u>15,596,600</u>	<u>15,394,287</u>	<u>15,723,801</u>
Expenditures										
Instruction										
Regular Instruction	3,824,353	4,197,182	4,232,296	3,856,551	3,657,369	3,709,051	3,941,440	3,763,797	4,173,368	4,095,574
Special education instruction	1,330,981	995,160	991,371	1,150,010	1,770,905	1,728,674	1,766,138	1,936,270	1,876,272	1,805,723
Other instruction	449,759	472,222	494,602	312,757	309,298	316,971	316,229	310,172	149,782	150,341
Support Services:										
Tuition	172,242	289,851	456,150	369,032	502,230	446,928	453,282	679,478	283,228	567,819
Student & instruction related services	1,048,537	1,083,599	1,179,351	1,146,572	1,088,607	1,221,665	1,287,785	1,281,367	1,224,593	1,248,956
General and business admin. services	574,541	632,197	632,589	545,160	450,874	580,119	512,788	291,481	448,202	465,279
School administrative services	606,619	593,035	437,410	431,174	440,909	355,037	357,708	558,819	367,872	393,478
Plant operations and maintenance	932,014	1,015,692	1,197,451	1,186,058	1,142,949	1,234,642	1,213,254	1,329,487	1,326,374	1,256,291
Pupil transportation	646,810	680,618	617,065	597,504	696,813	708,340	669,754	691,369	652,063	617,215
Other support services	2,823,297	2,601,951	2,665,852	2,881,582	2,967,519	3,150,558	2,931,291	2,993,802	3,175,039	3,509,882
Capital outlay	335,322	789,677	106,347	289,673	43,377	94,788	508,710	44,515	383,281	169,115
Debt service:										
Principal	735,224	741,224	810,224	820,224	865,223	875,224	905,223	975,000	450,000	450,000
Interest and other charges	435,023	405,132	316,427	308,575	282,356	258,826	234,008	219,944	152,800	135,250
Total expenditures	<u>13,914,722</u>	<u>14,497,540</u>	<u>14,137,135</u>	<u>13,894,872</u>	<u>14,218,429</u>	<u>14,680,823</u>	<u>15,097,610</u>	<u>15,075,501</u>	<u>14,662,874</u>	<u>14,864,923</u>
Excess (Deficiency) of revenues over (under) expenditures	(347,608)	(984,567)	(116,695)	68,478	349,109	376,452	166,646	521,099	731,413	858,878
Other Financing sources (uses)										
Proceeds from borrowing								77,969		
Transfers in	51,587	10,826	1,916	28,047	46	26	101,044	-	-	-
Transfers out	(51,587)	(3,904)	(1,916)	(28,047)	(46)	(26)	(101,044)	-	-	-
Total other financing sources (uses)	-	6,922	-	-	-	-	-	77,969	-	-
Net change in fund balances	<u>\$ (347,608)</u>	<u>\$ (977,645)</u>	<u>\$ (116,695)</u>	<u>\$ 68,478</u>	<u>\$ 349,109</u>	<u>\$ 376,452</u>	<u>\$ 166,646</u>	<u>\$ 599,068</u>	<u>\$ 731,413</u>	<u>\$ 858,878</u>
Debt service as a percentage of noncapital expenditures	8.62%	8.36%	8.03%	8.30%	8.10%	7.77%	7.81%	7.95%	4.22%	3.98%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Westampton Township School District
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

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<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Prior Year Refunds</u>	<u>Rentals</u>	<u>Community Service</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ 98,978	\$ -	\$ -	\$ -	\$ 9,786	\$ 10,427	\$ 119,191
2009	16,470	6,548	4,998			2,092	30,108
2010	15,937	22,970				2,253	41,160
2011	45,110		3,636				48,746
2012	570		13,085				13,655
2013	1,742		49,962	360		581	52,645
2014	2,087		6,096				8,183
2015	2,652		12,541				15,193
2016	2,938		10,092			8,913	21,943
2017	3,789						3,789
	<u>\$ 190,273</u>	<u>\$ 29,518</u>	<u>\$ 100,410</u>	<u>\$ 360</u>	<u>\$ 9,786</u>	<u>\$ 24,266</u>	<u>\$ 354,613</u>

Source: District records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2008	\$ 10,919,600	\$ 463,505,000	\$ 4,013,700	\$ 996,650	\$ 199,197,200	\$ 11,261,400	\$ 689,893,550	\$ 1,313,152	\$ 691,206,702	\$ 113,479,900	\$ 1.170	\$ 1,235,266,586
2009	9,594,800	471,418,100	3,393,900	1,335,000	197,854,500	11,261,400	694,857,700	1,398,525	696,256,225	118,686,000	1.225	1,258,699,814
2010	5,765,300	476,102,200	3,393,900	1,332,100	205,709,800	11,261,400	703,564,700	1,413,756	704,978,456	118,994,700	1.311	1,248,552,779
2011 R	11,867,200	762,879,400	5,198,300	1,309,800	194,915,400	192,508,100	1,168,678,200	2,084,423	1,170,762,623	203,366,800	0.804	1,168,604,406
2012	8,922,800	762,261,200	4,775,300	1,301,000	202,520,500	191,228,900	1,171,009,700	2,037,190	1,173,046,890	204,178,000	0.816	1,152,400,819
2013	8,525,300	762,429,600	4,775,300	1,301,000	203,919,100	191,228,900	1,172,179,200	1,830,441	1,174,009,641	204,196,300	0.831	1,175,796,516
2014	24,369,500	761,663,000	4,878,800	1,085,600	195,725,700	187,030,200	1,174,752,800	2,202,407	1,176,955,207	205,246,000	0.847	1,165,838,789
2015	8,731,300	760,078,900	4,878,800	1,223,400	186,932,700	182,544,400	1,144,389,500	1,889,479	1,146,278,979	207,595,300	0.854	1,091,864,932
2016	10,188,700	770,180,400	4,565,700	1,135,100	184,881,500	182,544,400	1,153,495,800	1,845,030	1,155,340,830	210,118,200	0.864	1,170,562,416
2017	12,868,300	765,342,300	4,456,700	1,092,600	188,617,300	184,676,100	1,157,053,300	1,783,180	1,158,836,480	204,369,200	0.873	1,223,792,312

Source:
 Municipal Tax Assessor

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

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

b Tax rates are per \$100 of assessed valuation.

R Revaluation

Westampton Township School District
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Westampton Township School District Direct Rate			Overlapping Rates				Total Direct and Overlapping Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Township of Westampton	Open Space	Regional School	Burlington County	
2008	\$ 1.064	\$ 0.106	\$ 1.170	\$ 0.621	\$ -	\$ 0.617	\$ 0.696	\$ 3.104
2009	1.100	0.125	1.225	0.631		0.645	0.688	3.189
2010	1.178	0.133	1.311	0.748		0.624	0.665	3.348
2011 R	0.742	0.062	0.804	0.498		0.358	0.379	2.039
2012	0.754	0.062	0.816	0.522		0.356	0.373	2.067
2013	0.752	0.079	0.831	0.545		0.364	0.381	2.121
2014	0.766	0.081	0.847	0.524	0.040	0.386	0.378	2.175
2015	0.801	0.053	0.854	0.563	0.040	0.386	0.389	2.232
2016	0.810	0.054	0.864	0.563	0.040	0.402	0.407	2.276
2017	0.825	0.048	0.873	0.562	0.040	0.417	0.427	2.319

Source: Municipal Tax Collector

R Revaluation

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

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Taxpayer	2017		Taxpayer	2008	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
The Dolan Group IV, LLC	\$ 38,278,400	3.30%	IKEA Wholesale	\$ 30,408,800	4.40%
IKEA Property, Inc.	36,250,000	3.13%	RPE Ventures II, LLC	10,988,800	1.59%
Brandywine Industrial, LLC	27,148,200	2.34%	Prologis-Macquarie	10,029,800	1.45%
Rowan Technologies, Inc.	18,462,500	1.59%	H.A.T. Inc	9,178,000	1.33%
BRE/EX Properties, LLC	18,138,400	1.57%	Rowan Technologies	9,073,700	1.31%
Prologis-MacQuari	13,606,700	1.17%	Home Depot	7,338,600	1.06%
Shri Sai Dev., LLC	12,505,500	1.08%	UHS of Hampton, Inc	5,858,000	0.85%
Home Depot	11,441,700	0.99%	Brandywine Realty Trust	5,091,900	0.74%
UHS of Hampton, Inc	9,389,100	0.81%	Kohl's Department Store	5,053,800	0.73%
NJW, LLC	8,181,900	0.71%	Jenicky, LLC	4,775,700	0.69%
Total	\$ 193,402,400	16.69%		\$ 97,797,100	14.15%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 7,875,381	\$ 7,875,381	100.00%	-
2009	8,087,584	8,087,584	100.00%	-
2010	8,535,839	8,535,839	100.00%	-
2011	9,245,409	9,245,409	100.00%	-
2012	9,402,058	9,402,058	100.00%	-
2013	9,573,192	9,573,192	100.00%	-
2014	9,759,611	9,759,611	100.00%	-
2015	9,967,467	9,967,467	100.00%	-
2016	9,786,154	9,786,154	100.00%	-
2017	9,988,170	9,988,170	100.00%	-

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

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

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

J-10

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Percentage of Personal Income ^b	Per Capita ^c
	General Obligation Bonds ^a	Capital Leases	Capital Leases	Total District		
2008	\$ 10,415,342	\$ 38,815	\$ -	\$ 10,454,157	2.54%	1,214
2009	9,735,118	23,063	-	9,758,181	2.36%	1,127
2010	8,924,894	11,800	-	8,936,694	2.11%	1,013
2011	8,104,670	-	-	8,104,670	1.84%	920
2012	7,239,446	-	-	7,239,446	1.60%	822
2013	6,364,223	-	-	6,364,223	1.40%	726
2014	5,459,000	-	-	5,459,000	1.16%	623
2015	4,385,000	-	-	4,385,000	0.91%	503
2016	3,935,000	-	-	3,935,000	d	448
2017	3,935,000	-	-	3,935,000	d	d

Sources:

- a District Records
- b Personal Income has been estimated based upon the municipal population and per capita personal income.
- c Per Capita Personal Inome Data provided by the NJ Dept. of Labor and Workforce.
- d Unavailable.

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

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Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable ^b	Per Capita ^c
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding ^a		
2008	\$ 10,415,342	\$ -	\$ 10,415,342	1.51%	1,210
2009	9,735,118	-	9,735,118	1.40%	1,124
2010	9,735,118	-	9,735,118	1.38%	1,104
2011	8,924,894	-	8,924,894	0.76%	1,013
2012	7,239,446	-	7,239,446	0.62%	822
2013	6,364,223	-	6,364,223	0.54%	726
2014	5,459,000	-	5,459,000	0.46%	623
2015	4,385,000	-	4,385,000	0.38%	503
2016	3,935,000	-	3,935,000	0.34%	448
2017	3,485,000	-	3,485,000	0.30%	d

Sources:

- a District Records
- b Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- c Per Capita Personal Income Data provided by the NJ Dept. of Labor and Workforce.
- d Unavailable.

Westampton Township School District
 Ratios of Overlapping Governmental Activities Debt
 As of December 31, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Township of Westampton	\$ 4,390,495 (1)	100.000%	\$ 4,390,495
Burlington County General Obligation Debt	314,942,084 (1)	2.672% (2)	8,415,252
Rancocas Valley Regional School District	13,888,000 (1)	27.000% (3)	3,718,840
			<hr/>
Subtotal, overlapping debt			16,524,587
Westampton Township School District Direct Debt			<hr/> 3,935,000
Total direct and overlapping debt			<hr/> \$ 20,459,587 <hr/>

Sources:

- (1) Entity's Audit Report
- (2) The County percentage is based upon a calculation reflecting the Township's share of the 2016 Equalized Valuation. The source for this computation was the 2016 County Abstract of Ratables, provided by the County Board of Taxation.
- (3) The debt for this entity was apportioned by dividing the Township's 2016 average equalized value by the total 2016 average equalized value for the entire Regional School District.

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis (1)
	2014 \$ 1,116,791,330
	2015 1,157,585,980
	2016 1,216,254,534
	<u>\$ 3,490,631,844</u>
Average equalized valuation of taxable property	<u>\$ 1,163,543,948</u>
Debt limit (3% of average equalized valuation) (2)	34,906,318
Net bonded school debt (3)	<u>3,485,000</u>
Legal debt margin	<u>\$ 31,421,318</u>

Fiscal Year

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 32,388,427	\$ 35,439,525	\$ 36,753,996	\$ 36,349,696	\$ 35,351,000	\$ 34,765,745	\$ 34,755,008	\$ 34,464,168	\$ 34,333,443	\$ 34,906,318
Total net debt applicable to limit (3)	<u>10,415,342</u>	<u>9,735,118</u>	<u>8,924,894</u>	<u>8,104,670</u>	<u>7,239,446</u>	<u>6,364,223</u>	<u>5,459,000</u>	<u>4,385,000</u>	<u>3,935,000</u>	<u>3,485,000</u>
Legal debt margin	<u>\$ 21,973,085</u>	<u>\$ 25,704,407</u>	<u>\$ 27,829,102</u>	<u>\$ 28,245,026</u>	<u>\$ 28,111,554</u>	<u>\$ 28,401,522</u>	<u>\$ 29,296,008</u>	<u>\$ 30,079,168</u>	<u>\$ 30,398,443</u>	<u>\$ 31,421,318</u>
Total net debt applicable to the limit as a percentage of debt limit	32.16%	27.47%	24.28%	22.30%	20.48%	18.31%	15.71%	12.72%	11.46%	9.98%

Sources:

- (1) Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
- (3) District Records

Westampton Township School District
 Demographic and Economic Statistics
 Last Ten Fiscal Years

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2008	8,609	\$ 411,647,944	\$ 47,816	4.4%
2009	8,661	412,687,989	47,649	7.6%
2010	8,821	423,822,587	48,047	8.1%
2011	8,814	440,303,370	49,955	8.1%
2012	8,812	452,848,680	51,390	8.1%
2013	8,771	454,206,235	51,785	5.8%
2014	8,761	470,877,467	53,747	5.7%
2015	8,726	481,910,802	55,227	4.3%
2016	8,781	e	e	4.2%
2017	e	e	e	e

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been established based upon the municipal population and per capita personal income presented.
- ^c Per Capita personal income provided by the NJ Dept. of Labor and Workforce Development.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development
- ^e Information not available

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

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	60	60	60	58	60	60	60	60	58	58
Special education	41	41	41	41	42	42	42	42	40	40
Other special education	1	1	1	1	1	1	1	1	1	1
Support Services:										
Student & instruction related services	14	14	14	12	12	12	12	12	12	27
School administrative services	14	14	14	9	9	9	9	9	9	9
General and business administrative services	3	3	3	2	2	2	2	2	2	2
Plant operations and maintenance	9	9	9	9	9	9	9	9	9	9
Pupil transportation	1	1	2	2	2	2				
Business and other support services	3	3	3	3	3	3	3	3	3	3
Total	<u>146</u>	<u>146</u>	<u>147</u>	<u>137</u>	<u>140</u>	<u>140</u>	<u>138</u>	<u>138</u>	<u>134</u>	<u>149</u>

Source:

District Personnel Records

Westampton Township School District
 Operating Statistics,
 Last Ten Fiscal Years

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
						Westampton Middle School	Holly Hills Elementary				
2008	931	12,409,153	13,329	2.73%	87	1:10	1:13	929.8	888.2	-0.88%	95.53%
2009	916	12,561,507	13,713	2.89%	87	1:10	1:13	926.7	885.1	-0.33%	95.51%
2010	957	12,904,137	13,484	-1.67%	87	1:10	1:13	953.2	908.5	2.86%	95.31%
2011	994	12,476,400	12,552	-6.91%	91	1:10	1:11	960.5	910.3	0.77%	94.77%
2012	1,010	13,027,473	12,898	2.76%	89	1:10	1:13	1,006.2	965.4	4.76%	95.95%
2013	1,003	13,458,514	13,418	4.03%	89	1:10	1:13	1,003.2	955.8	-0.30%	95.28%
2014	988	13,449,669	13,613	1.45%	89	1:10	1:13	988.4	943.6	-1.48%	95.47%
2015	977	13,836,042	14,162	4.03%	89	1:10	1:13	977.0	935.3	-1.15%	95.73%
2016	975	13,676,793	14,027	-0.95%	89	1:10	1:13	984.4	943.7	0.76%	95.87%
2017	976	14,110,558	14,458	3.07%	89	1:10	1:13	978.9	937.3	-0.56%	95.75%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

J-18

	<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>District Building</u>										
<u>Elementary</u>										
Holly Hills Elementary (1956)										
Square Feet	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000	64,000
Capacity (students)	447	447	447	447	447	447	447	447	447	447
Enrollment	436	428	506	480	436	463	477	476	487	494
<u>Middle School</u>										
Westampton Middle (1956)										
Square Feet	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000
Capacity (students)	521	521	521	521	521	521	521	521	521	521
Enrollment	495	488	451	514	574	540	511	501	503	485

Number of Schools at June 30, 2016
 Elementary = 1
 Middle School = 1

Source: District Facilities Office

Westampton Township School District
 Schedule of Required Maintenance
 Last Ten Fiscal Years

J-19

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
* School Facilities											
Holly Hills School	\$ 9,600	\$ 9,600	\$ 13,112	\$ 9,600	\$ 9,600	\$ 9,600	\$ 68,106	\$ 141,186	\$ 122,098	\$ 113,046	\$ 505,548
Westampton School	20,700	20,700	21,000	12,700	12,700	12,700	88,326	183,102	158,347	146,607	676,882
Other Facilities	218,850	250,558	247,000	210,310	217,530	226,861	2,028	4,205	3,636	3,366	1,384,344
Total School Facilities	<u>\$ 249,150</u>	<u>\$ 280,858</u>	<u>\$ 281,112</u>	<u>\$ 232,610</u>	<u>\$ 239,830</u>	<u>\$ 249,161</u>	<u>\$ 158,460</u>	<u>\$ 328,493</u>	<u>\$ 284,081</u>	<u>\$ 263,019</u>	<u>\$ 2,566,774</u>

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

Source: District records

**Westampton Township School District
Insurance Schedule
June 30, 2017**

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	<u>Coverage</u>	<u>Self-insured Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Building and Contents (All Locations)			
Limits of liability per occurrence	\$ 175,000,000	\$ 250,000	\$ 500
Boiler and Machinery	125,000,000		1,000
General and Automobile Liability	20,000,000	250,000	
Workers' Compensation	Statutory	250,000	
Crime Coverage	500,000	250,000	500
Educator's Legal Liability	20,000,000	175,000	
Pollution Legal Liability	3,000,000		25,000
Cyber Liability	1,000,000		25,000
Violent Malicious Acts	1,000,000		15,000
Disaster Management Services	2,000,000		15,000
Student Accident Insurance (2)	1,000,000		
Surety Bonds (3)			
Treasurer	200,000		
Board Secretary	110,000		

- (1) Burlington County Insurance Pool - Joint Insurance Fund
- (2) National union Fire Insurance Company
- (3) Selective Insurance Company

Source: District records

Single Audit Section

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 Certified Public Accountants

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 New Jersey Society of CPAs

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

I have audited Westampton Township School District (School District), in the County of Burlington, State of New Jersey's compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2017. The School District's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the School District's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and State of New Jersey Circular 15-08-OMB require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major State Program

In my opinion, the Westampton Township School District, in the County of Burlington, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported under State of New Jersey Circular 15-08-OMB and which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as finding no.: 2017-001. My opinion on the major state programs is not modified with respect to this matter.

The School District's response to the finding identified in my audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

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

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

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant No. CS001095

Marlton, New Jersey
October 12, 2017

WESTAMPTON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance June 30, 2016			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2017		
						(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education															
Special Revenue Fund:															
Title I:															
Fiscal Year 2017	84.010A	S010A160030	NCLB-5720-17	\$ 116,733	7/1/16 - 6/30/17	\$ -	\$ -	\$ -	\$ -	\$ 116,649	\$ (116,649)	\$ -	\$ -	\$ -	\$ -
Title II A:															
Fiscal Year 2017	84.367	S367A160029	NCLB-5720-17	7,553	7/1/16 - 6/30/17					5,889	(6,328)		(439)		
Title III:															
Fiscal Year 2017	84.365A	S365A160030	NCLB-5720-17	5,188	7/1/16 - 6/30/17					4,007	(4,127)		(120)		
IDEA - Part B - Basic:															
Fiscal Year 2017	84.027	H027A160100	IDEA-5720-17	259,511	7/1/16 - 6/30/17					242,144	(242,144)				
IDEA - Part B - Preschool:															
Fiscal Year 2017	84.173	H173A160114	IDEA-5720-17	9,105	7/1/16 - 6/30/17					3,135	(3,135)				
Total Department of Education										371,824	(372,383)		(559)		
U.S. Department of Agriculture															
Enterprise Fund:															
Food Distribution Program	10.565	171NJ304N1099	N/A	30,114	7/1/16 - 6/30/17					30,114	(30,114)				
National School Breakfast Program															
Fiscal Year 2017	10.553	171NJ304N1099	N/A	17,315	7/1/16 - 6/30/17					16,235	(17,315)		(1,080)		
Fiscal Year 2016	10.553	16161NJ304N1099	N/A	15,116	7/1/15 - 6/30/16	(671)		671							
National School Lunch Program															
Fiscal Year 2017	10.555	171NJ304N1099	N/A	135,231	7/1/16 - 6/30/17					126,670	(135,231)		(8,561)		
Fiscal Year 2016	10.555	16161NJ304N1099	N/A	122,803	7/1/15 - 6/30/16	(6,695)		6,695							
Total Enterprise Fund						(7,366)			7,366	173,019	(182,660)		(9,641)		
Total Federal Awards						<u>\$ (7,366)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,366</u>	<u>\$ 544,843</u>	<u>\$ (555,043)</u>	<u>\$ -</u>	<u>\$ (10,200)</u>	<u>\$ -</u>	<u>\$ -</u>

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

WESTAMPTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year ended June 30, 2017

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State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance, June 30, 2016			Adjustment	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2017		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
State Department of Education													
General Fund:													
Equalization Aid	17-495-034-5120-078	\$ 2,864,330	7/1/16- 6/30/17	\$ -	\$ -	\$ -	\$ -	\$ 2,619,233	\$ (2,864,330)	\$ -	\$ (245,097)	\$ -	\$ -
Equalization Aid	16-495-034-5120-078	2,855,291	7/1/15- 6/30/16	(266,936)				266,936					
Special Education Categorical Aid	17-495-034-5120-089	557,873	7/1/16- 6/30/17					510,137	(557,873)		(47,736)		
Special Education Categorical Aid	16-495-034-5120-089	549,308	7/1/15- 6/30/16	(51,354)				51,354					
Security Aid	17-495-034-5120-084	93,300	7/1/16- 6/30/17					85,316	(93,300)		(7,984)		
Security Aid	16-495-034-5120-084	91,358	7/1/15- 6/30/16	(8,541)				8,541					
Transportation Aid	17-495-034-5120-014	169,828	7/1/16- 6/30/17					155,296	(169,828)		(14,532)		
Transportation Aid	16-495-034-5120-014	162,007	7/1/15- 6/30/16	(15,146)				15,146					
Under Adequacy Aid	17-495-034-5120-096	22,243	7/1/16- 6/30/17					20,340	(22,243)		(1,903)		
Under Adequacy Aid	16-495-034-5120-096	22,243	7/1/15- 6/30/16	(2,079)				2,079					
PARCC Readiness Aid	17-495-034-5120-098	9,840	7/1/16- 6/30/17					8,998	(9,840)		(842)		
PARCC Readiness Aid	16-495-034-5120-098	9,840	7/1/15- 6/30/16	(920)				920					
Per Pupil Growth Aid	17-495-034-5120-097	9,840	7/1/16- 6/30/17					8,998	(9,840)		(842)		
Per Pupil Growth Aid	16-495-034-5120-097	9,840	7/1/15- 6/30/16	(920)				920					
Professional Learning Community Aid	16-495-034-5120-101	9,540	7/1/16- 6/30/17					8,724	(9,540)		(816)		
Extraordinary Special Education Costs Aid	17-495-034-5120-044	35,047	7/1/16- 6/30/17						(35,047)		(35,047)		
Extraordinary Special Education Costs Aid	16-495-034-5120-044	77,088	7/1/15- 6/30/16	(26,268)				26,268					
Nonpublic Transportation Aid	17-495-034-5120-014	9,744	7/1/16- 6/30/17						(9,744)		(9,744)		
Nonpublic Transportation Aid	16-495-034-5120-014	9,744	7/1/15- 6/30/16	(9,744)				9,744					
Homeless Tuition Aid	17-495-034-5120-005	11,250	7/1/16- 6/30/17						(11,250)		(11,250)		
On-behalf TPAF Pension Contribution	17-100-034-5094-002	606,347	7/1/16- 6/30/17					606,347	(606,347)				
On-behalf TPAF Post Retirement Medical	17-100-034-5094-001	505,226	7/1/16- 6/30/17					505,226	(505,226)				
On-behalf TPAF LTDI	17-100-034-5094-004	1,531	7/1/16- 6/30/17					1,531	(1,531)				
Reimbursed TPAF Social Security Contr.	17-100-034-5094-003	427,376	7/1/16- 6/30/17					406,348	(427,376)		(21,028)		
Reimbursed TPAF Social Security Contr.	16-100-034-5094-003	410,359	7/1/15- 6/30/16	(20,448)				20,448					
Total General Fund				(402,356)	-	-	-	5,338,850	(5,333,315)	-	(396,821)	-	-
Special Revenue Fund:													
NJ Nonpublic Aid:													
Textbook Aid	16-100-034-5120-064	6,395	7/1/15- 6/30/16			2,660					2,660		
Nursing Aid	16-100-034-5120-070	10,080	7/1/15- 6/30/16			807					807		
Technology Initiative	16-100-034-5120-373	2,912	7/1/15- 6/30/16			2,912					2,912		
Security Aid	16-100-034-5120-509	2,800	7/1/15- 6/30/16			2,800					2,800		
Auxiliary Services:													
Compensatory Education	16-100-034-5120-067	27,919	7/1/15- 6/30/16			15,229					15,229		
Handicapped Services:													
Supplemental Instruction	16-100-034-5120-066	2,970	7/1/15- 6/30/16			1,930					1,930		
Examination & Classification	16-100-034-5120-066	1,708	7/1/15- 6/30/16			1,366					1,366		
Corrective Speech	16-100-034-5120-066	5,016	7/1/15- 6/30/16			2,173					2,173		
Total Special Revenue Fund				-	-	29,877	-	-	-	-	29,877	-	-
Capital Projects Fund:													
NJ Schools Development Authority													
Westampton Middle School	5720-050-14-1001	64,372	3/26/14- 6/30/15	(64,372)							(64,372)		
Total Capital Projects Fund				(64,372)	-	-	-	-	-	-	(64,372)	-	-
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program (State Share)													
Fiscal Year 2017	17-100-010-3350-023	4,290	7/1/16- 6/30/17					4,018	(4,290)		(272)		
Fiscal Year 2016	16-100-010-3350-023	4,216	7/1/15- 6/30/16	(353)			353				(272)		
Total Enterprise Fund				(353)	-	-	353	4,018	(4,290)	-	(272)	-	-
Total State Financial Assistance				\$ (467,081)	\$ -	\$ 29,877	\$ 353	\$ 5,342,868	\$ (5,337,605)	\$ 29,877	\$ (461,465)	\$ -	\$ -
Less: State Financial Assistance Not Subject to Major Program Determination													
On-Behalf TPAF Contribution - Pension (Non-Budgeted) (606,347)													
On-Behalf TPAF Contribution - Post Retirement Medical (Non-Budgeted) (505,226)													
On-Behalf TPAF Contribution - LTDI (Non-Budgeted) (1,531)													
Total State Financial Assistance Subject to Major Program Determination (4,224,501)													

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

**Westampton Township School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2017**

I. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Westampton Township School District ("School District"). The School District is defined in Note 1 to the School District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using 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 School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The school district has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$26,144 in the general fund and \$-0- in the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ -	\$ 5,359,459	\$ 5,359,459
Special Revenue	372,383		372,383
Food Service	182,660	4,290	186,950
Total	<u>\$ 555,043</u>	<u>\$ 5,363,749</u>	<u>\$ 5,918,792</u>

**Westampton Township School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2017
(Continued)**

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

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

6. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

7. ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent the following:

	Federal	State
Cancellation of Accounts Receivable	\$ 7,366	\$ 353
Total	\$ 7,366	\$ 353

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

Section I --Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: _____ Unmodified _____

Internal control over financial reporting:

1) Material weaknesses identified? _____ yes X no

2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

NOT APPLICABLE

Internal Control over major programs:

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

2) Significant deficiencies identified? _____ yes _____ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? _____ yes _____ no

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs: _____

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

**WESTAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section 1 -- Summary of Auditor's Results (Cont'd)

State Awards 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) Significant deficiencies identified that are not considered to be material weakness? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 as applicable? X yes no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>17-495-034-5120-078</u>	State Aid Public Cluster: <u>Equalization Aid</u>
<u>17-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-096</u>	<u>Under Adequacy Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>17-100-010-3350-023</u>	<u>State School Lunch Program</u>

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

Section 2 -- Schedule of Financial Statement Findings

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

No findings identified.

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

**Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

FEDERAL AWARDS

A Federal single audit was not required.

STATE AWARDS

Finding #2017-001

Information on the state program:

National School Lunch Program (State Share) GMIS No.17-100-010-3350-023

Criteria or specific requirement:

Reimbursement claims must be filed in a timely manner in order to be reimbursed from the State.

Condition:

The June, 2016 reimbursement claim was not filed in a timely manner.

Questioned Costs:

None

Context:

The June, 2016 reimbursement claim was the only one not filed timely.

Effect:

The District was not reimbursed \$7,393 for June 2016.

Cause:

Oversight.

Recommendation:

That all reimbursement claims are filed in a timely manner.

Management's response:

Management agrees with the above finding and will address the matter as part of their corrective action plan.

**WESTAMPTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings

FEDERAL AWARDS

A Federal single audit was not required.

STATE AWARDS

There were no prior year audit findings.