

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

Green Bank, New Jersey  
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**GREEN BANK, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Prepared by**

**Washington Township School District  
Finance Department**

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## OUTLINE OF CAFR

	<b>PAGE</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	5
Roster of Officials	7
Consultants and Advisors	9
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	13
K-1 Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
<b>REQUIRED SUPPLEMENTARY INFORMATION - PART I</b>	
Management's Discussion & Analysis	21
<b>BASIC FINANCIAL STATEMENTS</b>	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	33
A-2 Statement of Activities	34
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	39
B-2 Statement of Revenues, Expenditures & Changes in Fund Balance	40
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balance of Governmental Funds to the Statement of Activities	41
Proprietary Funds:	
B-4 Statement of Net Position	45
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Position	46
B-6 Statement of Cash Flows	47
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to Financial Statements	53
<b>REQUIRED SUPPLEMENTARY INFORMATION - PART II</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	91
C-1a Combining Schedule of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b Community Development Block Grants - Budget & Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	95
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	99

**OUTLINE OF CAFR (Continued)**  
**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

	<b>PAGE</b>
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability Public Employees' Retirement System	105
L-2 Schedule of District Contributions - Public Employees' Retirement System	106
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability Teachers' Pension and Annuity Fund	107
L-4 Schedule of District Contributions - Teachers' Pension and Annuity Fund	108
M-1 Schedule of Changes in the Net OPEB Liability and Related Ratios - State Health Benefit Local Education Retired Employees Plan (OPEB)	111
Notes to the Required Supplementary Information - Part III	115
D. School Based Budget Schedules Fund:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget & Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures - Special Revenue Fund - Budgetary Basis	123
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	127
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	128
F-2a Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - Green Bank Elementary School	129
G. Proprietary Funds:	
Enterprise Funds:	
G-1 Combining Schedule of Net Position	N/A
G-2 Combining Schedule of Revenues, Expenses & Changes in Fund Net Position	N/A
G-3 Combining Schedule of Cash Flows	N/A
Internal Service Funds:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	N/A
H-2 Combining Statement of Changes in Fiduciary Net Position	N/A
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	N/A
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	N/A
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
I-4 Schedule of Compensated Absences	N/A

**OUTLINE OF CAFR (Continued)**  
**STATISTICAL SECTION (unaudited)**

	<b>PAGE</b>
Financial Trends:	
J-1 Net Position by Component	139
J-2 Changes in Net Position	140
J-3 Fund Balances - Governmental Funds	142
J-4 Changes in Fund Balance - Governmental Funds	143
J-5 Other Local Revenue by Source - General Fund	144
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	145
J-7 Direct & Overlapping Property Tax Rates	146
J-8 Principal Property Taxpayers	147
J-9 Property Tax Levies & Collections	148
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	149
J-11 Ratios of General Bonded Debt Outstanding	150
J-12 Direct & Overlapping Governmental Activities Debt	151
J-13 Legal Debt Margin Information	152
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	153
J-15 Principal Employers	154
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	155
J-17 Operating Statistics	156
J-18 School Building Information	157
J-19 Schedule of Required Maintenance	158
J-20 Insurance Schedule	159

**SINGLE AUDIT SECTION**

K-2 Independent Auditors' Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08	N/A
K-3 Schedule of Expenditures of Federal Awards, Schedule A	163
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	164
K-5 Notes to Schedules of Awards and Financial Assistance	165
K-6 Schedule of Findings & Questioned Costs - Summary of Auditor's Results	167
K-7 Schedule of Findings & Questioned Costs - Findings	169
K-8 Summary Schedule of Prior Audit Findings	170

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**INTRODUCTORY SECTION**

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT**  
(Burlington County)  
**GREEN BANK SCHOOL**

500 Elwood Road, P.O. Box 318  
Phone: (609) 561-3868 x124

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

February 23, 2019

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

Dear Board Members/Citizens:

It is with pleasure that we submit the Comprehensive Annual Financial Report (“CAFR”) of the Washington Township School District (“District”) for the fiscal year ended June 30, 2018. This CAFR includes the District’s Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 14, as amended by GASB Statements No. 34 and No. 61. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

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

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

1. REPORTING ENTITY AND ITS SERVICES

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

The District is a non-operating send/receive district. The district sends students to various Pre-K through grade 12 schools for regular and special education. There were 69 students in the 2017-2018 school year.

## 2. ECONOMIC CONDITION AND OUTLOOK

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

## 3. MAJOR INITIATIVES

The 2017-2018 school year marks the second year that the Washington Township School District became a non-operating school district. All students in grades Pre-K through eighth grade attend the Mullica Township School District as part of a send/receive relationship. High school students continue to attend Greater Egg Regional High School District.

The shared services program is in place to combine Business, Technology and Treasurer services with the Mullica Township Board of Education. This is the second year of a three year revised shared services contract agreement. The agreements help to lower Washington Township's administrative costs and other overhead costs which are always disproportionately high in a school system of this size. This year marks the 14<sup>th</sup> year of the District's participation in the State's Public School Choice Program. Two students have enrolled in this Program. A contract with the Greater Egg Regional High School District for transportation services has made the students' commute to the Mullica Township School District, Greater Egg Regional High School District and Atlantic County Special Services District shorter and easier; further providing the District with cost savings.

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

The Board of Education approved the sale of the Green Bank School. The school was sold to Washington Township for the cost of \$1.00.

## 4. INTERNAL ACCOUNTING CONTROLS

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

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

## 5. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special

Revenue Funds, and the Debt Service Fund. Transfers among line items are approved by the Board of Education and reconciled with the requirements of P.L. 2004, C.73, commonly known as S-1701. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

#### 6. ACCOUNTING SYSTEM AND REPORTS

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

#### 7. DEBT ADMINISTRATION

At June 30, 2018, the District had no long-term debt.

#### 8. CASH MANAGEMENT

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

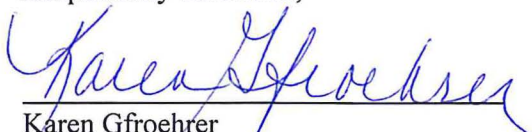
#### 9. RISK MANAGEMENT

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

#### 10. ACKNOWLEDGMENTS:

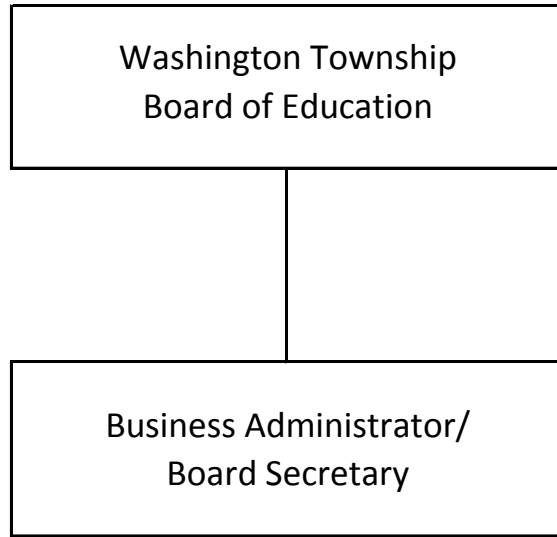
We would like to express our appreciation to the members of the Washington Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,

  
Karen Gfroehrer  
Business Administrator/Board Secretary

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WASHINGTON TOWNSHIP BOARD OF EDUCATION  
ORGANIZATIONAL CHART



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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
EGG HARBOR, NEW JERSEY**

**ROSTER OF OFFICIALS**

**June 30, 2018**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Charlene Lee, President	2021
Scott Bartling, Vice President	2019
Melissa Achey (Unexpired term)	2019
Karen Del Nero	2019
Nick Del Nero	2020
Teri Giercyk	2020
Elizabeth Plummer (Unexpired term)	2019

**OTHER OFFICIALS**

Karen Gfroehrer, Business Administrator/Board Secretary

Dawn Stollenwerk, Treasurer of School Monies

Ronald W. Sahli, Solicitor

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
EGG HARBOR, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

**ATTORNEY**

Mr. Ronald Sahli  
Sahli & Padovani  
1145 S. White Horse Pike  
Hammonton, New Jersey 08037

**AUDIT FIRM**

Robert W. Allison, CPA, RMA  
Holman Frenia Allison, P. C.  
680 Hooper Ave, Bldg B, Suite 201  
Toms River, New Jersey 08753

**INSURANCE AGENT**

Barclay Group  
PO Box 244  
Riverton, New Jersey

**OFFICIAL DEPOSITORY**

TD Bank  
Cherry Hill, NJ

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**FINANCIAL SECTION**

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HOLMAN | FRENIA  
ALLISON, P.C.

*Certified Public Accountants & Consultants*

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Washington Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Washington Township School District, County of Burlington, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2018 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions – an amendment of GASB Statement No.’s 45, 57 & 74. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington Township School District’s basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of



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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2019 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey  
February 23, 2019

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Washington Township School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Washington Township School District’s basic financial statements, and have issued our report thereon dated February 23, 2019.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey  
February 23, 2019

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**  
**(Unaudited)**

As management of the Washington Township School District, 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, 2018. 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.

**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) Government-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.

**Government-Wide Financial Statements**

The *government-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 government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources 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 expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-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 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 reflect the Food Service Fund.

**Fund Financial Statements**

*Fund financial statements* are designed to demonstrate compliance with financial-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 government-wide financial statements. However, unlike the government-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 financial requirements in the near term.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**  
**(Unaudited) (Continued)**

**Overview of the Basic Financial Statements (continued)**

**Fund Financial Statements (continued)**

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, a 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 government-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 government-wide financial statements, only in more detail.

The School District's one enterprise fund (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 government-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.



**WASHINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**  
**(Unaudited) (Continued)**

**Financial Analysis of the School District as a Whole**

Table 1 provides a summary of the School Districts net position for the fiscal years 2018 compared to fiscal year 2017.

**Table 1**  
**Summary of Net Position**

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 1,356,880	\$ 808,072	\$ 548,808	67.9%
Capital Assets, Net	-	3,740,903	(3,740,903)	-100.0%
Total Assets	<u>1,356,880</u>	<u>4,548,975</u>	<u>(3,192,095)</u>	-70.2%
Deferred Outflow of Resources	<u>10,162</u>	<u>125,119</u>	<u>(114,957)</u>	-91.9%
Current and other Liabilities	7,912	17,159	(9,247)	-53.9%
Noncurrent Liabilities	<u>6,709</u>	<u>384,422</u>	<u>(377,713)</u>	-98.3%
Total Liabilities	<u>14,621</u>	<u>401,581</u>	<u>(386,960)</u>	-96.4%
Deferred Inflow of Resources	<u>253,691</u>	<u>35,747</u>	<u>217,944</u>	609.7%
Net Position:				
Net Investment in Capital Assets	-	3,740,903	(3,740,903)	-100.0%
Restricted	1,115,412	597,605	517,807	86.6%
Unrestricted (Deficit)	<u>(16,682)</u>	<u>(101,742)</u>	<u>85,060</u>	-83.6%
Total Net Position	<u>\$ 1,098,730</u>	<u>\$ 4,236,766</u>	<u>\$ (3,138,036)</u>	-74.1%

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**  
**(Unaudited) (Continued)**

**Financial Analysis of the School District as a Whole (continued)**

Table 2 shows the changes in net position for fiscal year 2018 compared to fiscal year 2017.

**Table 2**  
**Summary of Changes in Net Position**

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ -	\$ 2,092	\$ (2,092)	-100.0%
Operating Grants & Contributions	248,712	188,667	60,045	31.8%
General Revenues:				
Property Taxes	1,235,154	1,235,154	-	0.0%
Federal & State Aid	674,448	682,541	(8,093)	-1.2%
Other General Revenues	18,315	12,860	5,455	42.4%
Special Items	<u>(3,699,313)</u>	-	<u>(3,699,313)</u>	N/A
Total Revenues	<u>(1,522,684)</u>	<u>2,121,314</u>	<u>(3,643,998)</u>	-171.8%
<b>Function/Program Expenditures:</b>				
Regular Instruction	-	27,464	(27,464)	-100.0%
Tuition	1,008,109	1,289,114	(281,005)	-21.8%
Student & Instruction Related Services	10,355	11,510	(1,155)	-10.0%
General Administrative	36,622	42,419	(5,797)	-13.7%
Central Services	56,548	11,178	45,370	405.9%
Administrative Info. Technology	13,483	5,000	8,483	169.7%
Plant Operations & Maintenance	95,640	146,685	(51,045)	-34.8%
Pupil Transportation	152,369	189,506	(37,137)	-19.6%
Unallocated Benefits	191,133	209,230	(18,097)	-8.6%
Unallocated Depreciation	43,898	159,150	(115,252)	-72.4%
Food Service	7,195	5,279	1,916	36.3%
Total Expenditures	<u>1,615,352</u>	<u>2,096,535</u>	<u>(481,183)</u>	-23.0%
Change In Net Position	(3,138,036)	24,779	(3,162,815)	-12764.1%
Net Position - Beginning	4,236,766	4,211,987	24,779	0.6%
Net Position - Ending	<u>\$ 1,098,730</u>	<u>\$ 4,236,766</u>	<u>\$ (3,138,036)</u>	-74.1%

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**  
**(Unaudited) (Continued)**

**Governmental Activities**

During the fiscal year 2018, the net position of governmental activities decreased by \$3,130,841 or 74.02%. The primary reason for the decrease was the sale of the school district's assets. The district has sold off all assets because it is now a non-operating district.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$1,098,730, with an unrestricted deficit balance of \$16,682. The deficit in unrestricted net position is primarily due to accounting treatment for GASB 68 net pension liability and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

**Table 3**  
**GASB 68 Effect on Unrestricted Net Position**

Unrestricted Net Position (With GASB 68)	\$	(16,682)
Add back: PERS Pension Liability		6,709
Less: Deferred Outflows related to pensions		(10,162)
Add back: Deferred Inflows related to pensions		<u>253,691</u>
Unrestricted Net Position (Without GASB 68)	\$	<u><u>233,556</u></u>

**Business-type Activities**

During the fiscal year 2018, the net position of business-type activities decreased by \$7,195 or 100%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$-0-.

During the fiscal year 2018, the school district ceased food service operations due to its non-operating status.

**General Fund Budgeting Highlights**

Final budgeted revenue was \$1,896,476, which was a decrease of \$13,476 from the original budget. This decrease was due to a decrease in revised state aid figures. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$16,585.

Final budgeted appropriations were \$2,100,481, which was a decrease of \$862 from the original budget. The decrease is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget, net of the decrease in the budget due to a decrease in revised state aid figures. Excluding nonbudgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$728,448.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**  
**(Unaudited) (Continued)**

**General Fund Budgeting Highlights (continued)**

The School District’s general fund balance – budgetary basis (Exhibit C-1) was \$1,409,305 at June 30, 2018, an increase of \$555,655 from the prior year.

**Governmental Funds**

At the end of the current fiscal year, the School District’s governmental funds reported a combined ending fund balance of \$1,348,968, an increase of \$546,381 from the prior year.

*General fund* - During the current fiscal year, the fund balance of the School District’s general fund increased by \$555,884 or 70.09% to \$1,348,968 at June 30, 2018, compared to an increase of \$192,390 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- Expenditures decreased in the current year due to Non-Operating Status of the District
- Revenue remained stable in the current year compared to the prior year

*Special revenue fund* – There was no change in the fund balance for the special revenue fund.

**Proprietary Funds**

*Food service fund* - During the current fiscal year, the net position of the School District’s food service fund decreased by \$7,195 or 100.00% to \$-0- at June 30, 2018, compared to a decrease of \$3,187 in net position in the prior fiscal year. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- The school district ceased food service operations in the current year

**Capital Assets**

The School District’s capital assets for its governmental and business-type activities as of June 30, 2018, totaled \$-0- (net of accumulated depreciation). Capital assets includes land, buildings and improvements and equipment. The school districts “Net Investment in Capital Assets” component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net decrease in the School District’s investment in capital assets for the current fiscal year in the amount of \$3,740,903. This decrease is due to sale of all district assets in the current year. Table 4 shows fiscal 2018 balances compared to 2017.

**Table 4**  
**Summary of Capital Assets**

<u>Capital Asset (Net of Depreciation):</u>	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ -	\$ 48,824	\$ (48,824)	-100.0%
Building and Improvements	-	3,614,254	(3,614,254)	-100.0%
Equipment	-	77,825	(77,825)	-100.0%
	<u>\$ -</u>	<u>\$ 3,740,903</u>	<u>\$ (3,740,903)</u>	-100.0%

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**  
**(Unaudited) (Continued)**

**Capital Assets (continued)**

Depreciation expense for the year was \$43,898. 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.

**Debt Administration**

**Long-term debt** – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$-0-, which is no change from the prior year.

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.

**Factors on the School District's Future**

Washington Township is primarily a residential community, with very few commercial and/or industrial ratables; thus the tax burden is focused primarily on homeowners. The Washington Township Public School District has seen a decrease in enrollment over the past several years. Additionally, the Township has experienced a decrease in ratables. This has created a situation where there are fewer taxpayers responsible for the cost of education in the township. As such, the Board of Education has voted to become a non-operating send/receive school district. The Green Bank School was sold to Washington Township in an effort to reduce taxes. The school district tax levy will remain at the minimum tax levy effective with the 2017-2018 year.

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

**Contacting the School Districts Financial Management**

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 Karen Gfroehrer, School Business Administrator/Board Secretary, Washington Township Board of Education, P.O. Box 318, 500 Elwood Road, Elwood, New Jersey 08217.

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**BASIC FINANCIAL STATEMENTS**

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A. Government-Wide Financial Statements

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	GOVERNMENTAL ACTIVITIES	TOTAL
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,036,802	\$ 1,036,802
Receivables, Net (Note 4)	124,168	124,168
Restricted Cash and Cash Equivalents	195,910	195,910
Total Assets	1,356,880	1,356,880
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Related to Pensions (Note 8)	10,162	10,162
Total Deferred Outflow of Resources	10,162	10,162
Total Assets and Deferred Outflow of Resources	1,367,042	1,367,042
<b>LIABILITIES</b>		
Accounts Payable	5,000	5,000
Unearned Revenue	2,912	2,912
Noncurrent Liabilities (Note 7):		
Due Beyond One Year	6,709	6,709
Total Liabilities	14,621	14,621
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Related to Pensions (Note 8)	253,691	253,691
Total Deferred Inflows of Resources	253,691	253,691
Total Liabilities and Deferred Inflows of Resources	268,312	268,312
<b>NET POSITION</b>		
Restricted for:		
Excess Surplus:		
Current Year Excess Surplus	731,315	731,315
Excess Surplus - Designated for Subsequent Year's Expenditures	188,187	188,187
Maintenance Reserve	195,910	195,910
Unrestricted	(16,682)	(16,682)
Total Net Position	\$ 1,098,730	\$ 1,098,730

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Functions/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction:						
Regular	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Support Services:						
Tuition	1,008,109	-	-	(1,008,109)	-	(1,008,109)
Student and Instruction Related Services	10,355	-	2,393	(7,962)	-	(7,962)
General Administration	36,622	-	-	(36,622)	-	(36,622)
Central Services	56,548	-	-	(56,548)	-	(56,548)
Admin. Information Technology	13,483	-	-	(13,483)	-	(13,483)
Plant Operations and Maintenance	95,640	-	-	(95,640)	-	(95,640)
Pupil Transportation	152,369	-	-	(152,369)	-	(152,369)
Unallocated Employee Benefits	191,133	-	246,319	55,186	-	55,186
Unallocated Depreciation & Amortization	43,898	-	-	(43,898)	-	(43,898)
<b>Total Government Activities</b>	<b>1,608,157</b>	<b>-</b>	<b>248,712</b>	<b>(1,359,445)</b>	<b>-</b>	<b>(1,359,445)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Food Service	7,195	-	-	-	(7,195)	(7,195)
<b>Total Business-Type Activities</b>	<b>7,195</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,195)</b>	<b>(7,195)</b>
<b>Total Primary Government</b>	<b>\$ 1,615,352</b>	<b>\$ -</b>	<b>\$ 248,712</b>	<b>(1,359,445)</b>	<b>(7,195)</b>	<b>(1,366,640)</b>
<b>GENERAL REVENUES:</b>						
Property Taxes Levied for:						
General Purposes				1,235,154	-	1,235,154
Federal and State Aid Not Restricted				674,448	-	674,448
Miscellaneous Income				17,585	730	18,315
<b>SPECIAL ITEMS:</b>						
Loss on Sale of Building & Equipment				(3,689,810)	-	(3,689,810)
Return of Contribution from Township				(9,503)	-	(9,503)
<b>TRANSFERS</b>				<b>730</b>	<b>(730)</b>	<b>-</b>
<b>Total General Revenues, Special Items and Transfers</b>				<b>(1,771,396)</b>	<b>-</b>	<b>(1,771,396)</b>
Change in Net Position				(3,130,841)	(7,195)	(3,138,036)
Net Position, July 1				4,229,571	7,195	4,236,766
Net Position, June 30				\$ 1,098,730	\$ -	\$ 1,098,730

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

## B. Fund Financial Statements

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## Governmental Funds

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2018**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,032,430	\$ 4,372	\$ 1,036,802
Due From Other Funds	2,573	-	2,573
Receivables, Net:			
Due from Other Governments:			
Federal	-	1,113	1,113
State	13,897	-	13,897
Other Receivables	109,158	-	109,158
Restricted Cash	195,910	-	195,910
<b>Total Assets</b>	<b>1,353,968</b>	<b>5,485</b>	<b>1,359,453</b>
<b>LIABILITIES &amp; FUND BALANCES</b>			
Liabilities:			
Accounts Payable	5,000	-	5,000
Interfund Payable	-	2,573	2,573
Unearned Revenue	-	2,912	2,912
<b>Total Liabilities</b>	<b>5,000</b>	<b>5,485</b>	<b>10,485</b>
Fund Balances:			
Restricted Fund Balance:			
Reserved Excess Surplus:			
Designated for Subsequent Year's Expenditures	188,187	-	188,187
Reserve for Excess Surplus	731,315	-	731,315
Maintenance Reserve	195,910	-	195,910
Assigned Fund Balance:			
Other Purposes - Year-End Encumbrances	14,448	-	14,448
Designated for Subsequent Year's Expenditures	15,548	-	15,548
Unassigned Fund Balance	203,560	-	203,560
<b>Total Fund Balances</b>	<b>1,348,968</b>	<b>-</b>	<b>1,348,968</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,353,968</b>	<b>\$ 5,485</b>	

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

Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.

Deferred Outflows related to pensions	10,162
Deferred Inflows related to pensions	(253,691)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(6,709)

Net Position of Governmental Activities

\$ 1,098,730

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTALS
Revenues:				
Local Sources:				
Local Tax Levy	\$ 1,235,154	\$ -	\$ -	\$ 1,235,154
Miscellaneous Revenues	17,585	2,393	-	19,978
Total - Local Sources	<u>1,252,739</u>	<u>2,393</u>	<u>-</u>	<u>1,255,132</u>
State Sources	<u>694,772</u>	<u>-</u>	<u>-</u>	<u>694,772</u>
Total Revenues	<u>1,947,511</u>	<u>2,393</u>	<u>-</u>	<u>1,949,904</u>
Expenditures:				
Current:				
Support Services and Undistributed Costs:				
Tuition	1,008,109	-	-	1,008,109
Student and Instruction Related Services	7,962	2,393	-	10,355
General Administration	36,622	-	-	36,622
Central Services	56,548	-	-	56,548
Administrative Information Technology	13,483	-	-	13,483
Plant Operations and Maintenance	76,800	-	-	76,800
Pupil Transportation	152,369	-	-	152,369
Unallocated Benefits	1,300	-	-	1,300
On-Behalf TPAF Pension and Social Security Contributions	20,324	-	-	20,324
Capital Outlay	<u>18,840</u>	<u>-</u>	<u>-</u>	<u>18,840</u>
Total Expenditures	<u>1,392,357</u>	<u>2,393</u>	<u>-</u>	<u>1,394,750</u>
Excess/(Deficiency) of Revenues				
Over/Under Expenditures	<u>555,154</u>	<u>-</u>	<u>-</u>	<u>555,154</u>
Other Financing Sources/(Uses):				
Transfers In	730	-	-	730
Return of Contribution from Township	<u>-</u>	<u>-</u>	<u>(9,503)</u>	<u>(9,503)</u>
Total Other Financing Sources/(Uses)	<u>730</u>	<u>-</u>	<u>(9,503)</u>	<u>(8,773)</u>
Net Change in Fund Balances	555,884	-	(9,503)	546,381
Fund Balance - July 1	<u>793,084</u>	<u>-</u>	<u>9,503</u>	<u>802,587</u>
Fund Balance - June 30	<u>\$ 1,348,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,348,968</u>

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 546,381

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

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

Accumulated Depreciation Deletions	\$	1,488,613	
Capital Asset Deletions		(5,178,423)	
Depreciation Expense		<u>(43,898)</u>	(3,733,708)

Governmental funds report School District pension contributions as expenditures.  
However, in the statement of activities, the cost of pension benefits earned is reported  
as pension expense. This is the amount by which pension benefits earned exceeded the  
School District's pension contributions in the current period.

56,486

Change in Net Position of Governmental Activities

\$ (3,130,841)

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## Proprietary Funds

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF FUND NET POSITION  
 AS OF JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
ASSETS	
Noncurrent Assets:	
Furniture, Machinery and Equipment	\$ -
Less:	
Accumulated Depreciation	-
	-
Total - Noncurrent Assets	-
Total Assets	\$ -
NET POSITION	
Net Investment in Capital Assets	\$ -
Total Net Position	\$ -

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES- <u>ENTERPRISE FUNDS</u> FOOD SERVICE
Operating Expenses:	
Depreciation Expense	\$ 405
Total Operating Expenses	<u>405</u>
Operating Gain/(Loss)	<u>(405)</u>
Nonoperating Revenues/(Expenses):	
Sale of Equipment	<u>730</u>
Total Nonoperating Revenues	<u>730</u>
Other Financing Sources/(Uses):	
Loss on Disposal of Equipment	(6,790)
Transfer to General Fund	<u>(730)</u>
Total Other Financing Sources/(Uses)	<u>(7,520)</u>
Change in Net Position	(7,195)
Total Net Position - Beginning	<u>7,195</u>
Total Net Position - Ending	<u><u>\$ -</u></u>

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



**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS FOOD SERVICE
Cash Flows From Noncapital Financing Activities:	
Operating Subsidies and Transfers to Other Funds	\$ (730)
Net Cash Used For Noncapital Financing Activities	(730)
Cash Flows From Capital and Related Financing Activities:	
Proceeds on Sale of Capital Assets	730
Net Cash Provided by Capital and Related Financing Activities	730
Net Decrease in Cash and Cash Equivalents	-
Balance - Beginning of Year	-
Balance - End of Year	\$ -
Reconciliation of Operating Income/(Loss) To Net Cash	
Provided/(Used) By Operating Activities:	
Operating Gain/(Loss)	\$ (405)
Depreciation	405
Total Adjustments	405
Net Cash Used For Operating Activities	\$ -

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

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Fiduciary Fund

Not Applicable

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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# WASHINGTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

### Note 1. Summary of Significant Accounting Policies

#### **Basis of Presentation**

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

#### **Reporting Entity**

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

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

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

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

#### **Component Units**

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2018.

#### **Government-Wide Financial Statements**

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

# WASHINGTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

included in these statements.

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

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

### **Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

### **Proprietary Fund Financial Statements**

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



# WASHINGTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

### **Note 1. Summary of Significant Accounting Policies (continued)**

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

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

### **Fiduciary Fund Financial Statements**

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

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are

# WASHINGTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund and the C.D.A. program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

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

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

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

# WASHINGTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

**Special Revenue Fund** - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

The District reports the following major proprietary funds:

**Food Service Fund** – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reported no major fiduciary funds as of June 30, 2018.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

### **Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

# WASHINGTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

### **Encumbrances**

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

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

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

### **Cash and Cash Equivalents**

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

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**Tuition Payable/Receivable**

Tuition rates for the fiscal year end June 30, 2018 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**Inventories**

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

**Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

# WASHINGTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

#### 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 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 District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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

#### Unearned Revenue

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

#### Accrued Liabilities and Long-Term Obligations

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

#### Accounting Estimates

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

#### Interfund Activity

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

# WASHINGTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

#### **Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2018.
- **Assigned** – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned** – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

#### **Net Position**

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)

**Note 1. Summary of Significant Accounting Policies (continued)**

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

**Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2018:

Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agency Employers and Agent Multi-Employer Plans, for OPEB Statement No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB Plans.

Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement will be effective for the year ended June 30, 2018.

Recently Issued Accounting Pronouncements

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

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, Fiduciary Activities. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should



# WASHINGTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

### **Note 1. Summary of Significant Accounting Policies (continued)**

report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management has not yet determined the potential impact on the School District's financial statements.

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

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the potential impact on the School District's financial statements.

### **Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

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

### **Deferred Loss on Refunding Debt**

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

### **Deferred Outflows and Deferred Inflows of Resources**

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan’s fiduciary net position and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2018, the School District’s bank balance of \$1,255,699 was exposed to custodial credit risk as follows:

Insured under FDIC	\$	250,000
Insured under GUDPA		<u>1,005,699</u>
	\$	<u><u>1,255,699</u></u>

Investments

The School District had no investments at June 30, 2018.

Note 3. Reserve Accounts

Maintenance Reserve

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

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)**

**Note 3. Reserve Accounts (continued)**

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Ending Balance, June 30, 2018 and 2017	\$ 195,910
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**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2018 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District’s governmental activities as of June 30, 2018, consisted of the following:

<u>Description</u>	Governmental Funds		Total Governmental <u>Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Federal Awards	\$ -	\$ 1,113	\$ 1,113
State Awards	13,897	-	13,897
Tax Levy	102,929	-	102,929
Other	6,229	-	6,229
Total	\$ 123,055	\$ 1,113	\$ 124,168

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance July 1, <u>2017</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2018</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 48,824	\$ -	\$ (48,824)	\$ -
Total Capital Assets not being depreciated	48,824	-	(48,824)	-
Capital Assets being depreciated:				
Buildings and Improvements	5,031,278	-	(5,031,278)	-
Equipment	98,321	-	(98,321)	-
Total Capital Assets being depreciated	5,129,599	-	(5,129,599)	-
Less: Accumulated Depreciation:	(1,444,715)	(43,898)	1,488,613	-
Total Capital Assets being depreciated, net	3,684,884	(43,898)	(3,640,986)	-
Total Governmental Activities Capital Assets, net	\$ 3,733,708	\$ (43,898)	\$ (3,689,810)	\$ -

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)**

**Note 5. Capital Assets (continued)**

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2018</u>
<b>Business-Type Activities:</b>				
Equipment	\$ 40,280	\$ -	\$ (40,280)	\$ -
Less: Accumulated Depreciation:				
Equipment	(33,085)	-	33,085	-
Total Business-Type Activities Capital Assets, net	\$ 7,195	\$ -	\$ (7,195)	\$ -

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

**Note 6. Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2018 are as follows:

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

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

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 730	\$ -
Food Service Fund	-	730
	\$ 730	\$ 730

The purpose of the interfund transfers were for the funding of other funds operations and for payments made on behalf of other funds.

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)**

**Note 7. Long-Term and Short-Term Obligations**

Long-Term

During the fiscal year-ended June 30, 2018 the following changes occurred in long-term obligations for the governmental and business-type activities:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Balance</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Net Pension Liability	\$ 384,422	\$ -	\$ 377,713	\$ 6,709	\$ -
	\$ 384,422	\$ -	\$ 377,713	\$ 6,709	\$ -

Net pension liability is liquidated by the general fund.

**Bonds Payable**

As of June 30, 2018, the District had no bonds payable outstanding.

**Bonds Authorized but not Issued**

As of June 30, 2018, the School District had no bonds authorized but not issued.

**Note 8. Pension Plans**

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

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

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> 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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)

**Note 8. Pension Plans (continued)**

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

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

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

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

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2018, the School District reported a liability of \$6,709 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The School District's proportion measured as of June 30, 2017, was 0.0000288215%, which was a decrease of 0.0012691507% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$(56,486) in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)**

**Note 8. Pension Plans (continued)**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 158	\$ -
Changes of Assumptions	1,352	1,347
Net Difference between Projected and Actual Earnings on Pension Plan Investments	46	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributor	8,606	252,344
School District contributions subsequent to measurement date	3,606	-
	\$ 13,768	\$ 253,691

\$3,606 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Client Year Ending June 30,</b>	<b>Amount</b>
2019	\$ (37,574)
2020	(33,178)
2021	(36,614)
2022	(106,620)
2023	(29,543)
	\$ (243,529)

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:

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)**

**Note 8. Pension Plans (continued)**

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

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
 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	-
June 30, 2017	5.00	-
 Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions		
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
June 30, 2017	5.48	5.48



WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)

Note 8. Pension Plans (continued)

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

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015, and 2014 amounts, respectively.

**Actuarial Assumptions** – The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)**

**Note 8. Pension Plans (continued)**

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

inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation

percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District’s proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District’s proportionate share of the net pension liability as of June 30, 2017, calculated using the discount rate of 5.00% as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)**

**Note 8. Pension Plans (continued)**

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

	<b>1% Decrease <u>(4.00%)</u></b>	<b>Current Discount Rate <u>(5.00%)</u></b>	<b>1% Increase <u>(6.00%)</u></b>
District's Proportionate Share of the Net Pension Liability	<u>\$ 8,323</u>	<u>\$ 6,709</u>	<u>\$ 5,365</u>

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017

**Collective Balances at June 30, 2018 and June 30, 2017**

	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 10,162	\$ 113,445
Deferred Inflows of Resources	253,691	35,747
Net Pension Liability	6,709	384,422
District's portion of the Plan's total net pension Liability	0.0000288215%	0.0012979722%

**Note 8. Pension Plans (continued)**

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)

Note 8. Pension Plans (continued)

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

The following represents the membership tiers for TPAF:

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

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

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2017 was \$2,022,520. The School District's proportionate share was \$-0-.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)

Note 8. Pension Plans (continued)

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

the TPAF net pension liability attributable to the School District was 0.0029997212%, which was an increase of 0.0003964621% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized \$20,324 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

**Actuarial Assumptions** – The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 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 (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)**

**Note 8. Pension Plans (continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 4.25% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)**

**Note 8. Pension Plans (continued)**

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

	<b>1% Decrease <u>(3.25%)</u></b>	<b>Current Discount Rate <u>(4.25%)</u></b>	<b>1% Increase <u>(5.25%)</u></b>
District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	<u>\$ 2,402,817</u>	<u>\$ 2,022,520</u>	<u>\$ 1,709,230</u>
	<u><u>\$ 2,402,817</u></u>	<u><u>\$ 2,022,520</u></u>	<u><u>\$ 1,709,230</u></u>

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

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$ 14,353,461,035	\$ 17,581,004,496
Collective Deferred Inflows of Resources	\$ 11,992,821,439	\$ 300,836,088
Collective Net Pension Liability	\$ 67,670,209,171	\$ 79,028,907,033
School District's portion	0.0029997212%	0.0026032591%

**C. Defined Contribution Plan (DCRP)**

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)**

**Note 8. Pension Plans (continued)**

**C. Defined Contribution Plan (DCRP) (continued)**

Individuals eligible for membership in the DCRP include:

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

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

For the year ended June 30, 2018, employee contributions totaled \$-0- and the District recognized pension expense of \$-0-.

**Note 9. Other Post-Retirement Benefits**

**General Information about the OPEB Plan**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or



**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)**

**Note 9. Other Post-Retirement Benefits (continued)**

more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

**Basis of Presentation**

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

<b>Inflation Rate</b>	2.50%			
		<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:				
Through		1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter		2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014

## WASHINGTON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

#### **Note 9. Other Post-Retirement Benefits (continued)**

Headcount- Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

**OPEB Obligation and OPEB Expense** - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2017 was \$4,024,517. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2017, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the OPEB Obligation attributable to the School District was 0.0075028502%, which was a decrease of 0.0001782512% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$106,209 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2017 measurement date.

#### **Health Care Trend Assumptions**

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

#### **Discount Rate**

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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.

#### **Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:**

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)**

**Note 9. Other Post-Retirement Benefits (continued)**

	<b>June 30, 2017</b>		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 4,777,392	\$ 4,024,517	\$ 3,427,329
State of New Jersey's Total Nonemployer OPEB Liability	\$ 63,674,362,200	\$ 53,639,841,858	\$ 45,680,364,953
	<b>June 30, 2016</b>		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 5,321,752	\$ 4,442,118	\$ 3,749,734
State of New Jersey's Total Nonemployer OPEB Liability	\$ 69,283,705,084	\$ 57,831,784,184	\$ 48,817,654,566

**Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:**

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)**

**Note 9. Other Post-Retirement Benefits (continued)**

	<b>June 30, 2017</b>		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 3,309,776	\$ 4,024,517	\$ 4,973,684
State of New Jersey's Total Nonemployer OPEB Liability	\$ 44,113,584,560	\$ 53,639,841,858	\$ 66,290,599,457
	<b>June 30, 2016</b>		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 3,644,882	\$ 4,442,118	\$ 5,507,947
State of New Jersey's Total Nonemployer OPEB Liability	\$ 47,452,589,164	\$ 57,831,784,184	\$ 71,707,778,970

\* See Healthcare Cost Trend Assumptions for details of rates.

**Additional Information**

Collective balances of the Local Group at June 30, 2017 are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in Proportion	\$ 99,843,255	\$ (99,843,255)
Change in Assumptions	\$ -	\$ (6,343,769,032)
Contributions Made in Fiscal Year Year Ending 2018 After June 30, 2017 Measurement Date **	<u>\$ 1,190,373,242</u>	<u>\$ -</u>
	<u>\$ 1,290,216,497</u>	<u>\$ (6,443,612,287)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)**

**Note 9. Other Post-Retirement Benefits (continued)**

Fiscal Year Ending June 30,	
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

\*\* Employer Contributions made after June 30, 2017 are reported as a deferred outflow of resources, but are not amortized in expense.

**Plan Membership**

At June 30, 2016, the Program membership consisted of the following:

	June 30, 2016
Active Plan Members	\$ 223,747
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	142,331
	\$ 366,078

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

<b>Total OPEB Liability</b>	
Service Cost	\$ 2,391,878,884
Interest Cost	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Contributions: Member	45,748,749
Gross Benefit Payments	(1,242,412,566)
Net Change in Total OPEB Liability	(4,191,942,326)
Total OPEB Liability (Beginning)	57,831,784,184
Total OPEB Liability (Ending)	\$ 53,639,841,858
Total Covered Employee Payroll	\$ 13,493,400,208
Net OPEB Liability as a Percentage of Payroll	398%

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018 (continued)

**Note 10. On-Behalf Payments for Fringe Benefits and Salaries**

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2018, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$12,349, \$-0-, \$7,975 and \$-0-, respectively.

**Note 11. Risk Management**

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

**New Jersey Unemployment Compensation Insurance** – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". As of the year ended June 30, 2018 the district had no employees.

**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 also participates in the New Jersey School Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

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

**Note 12. Contingencies**

**State and Federal Grantor Agencies** - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2018 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

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

## WASHINGTON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018 (continued)

#### **Note 13. Commitments**

The School District has contractual commitments at June 30, 2018 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$14,448.

#### **Note 14. Fund Balances**

**General Fund** – Of the \$1,348,968 General Fund fund balance at June 30, 2018, \$195,910 has been restricted for the Maintenance Reserve Account; \$14,448 has been assigned to other purposes; \$731,315 has been restricted for current year excess surplus; \$188,187 is restricted for prior year excess surplus – designated for subsequent year’s expenditures; \$15,548 has been designated for subsequent year’s expenditures; and \$203,560 has been unassigned.

#### **Note 15. Deficit in Net Position**

**Unrestricted Net Position** – The School District governmental activities had a deficit in unrestricted net position in the amount of \$16,682 at June 30, 2018. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2018. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

#### **Note 16. Tax Abatements**

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

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

#### **Note 17. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 23, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have come to the attention of the School District that would requires disclosure.

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**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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WASHINGTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ACCOUNT NUMBERS	June 30, 2018				VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
<b>REVENUES:</b>						
Local Sources:						
Local Tax Levy	10-1210	\$ 1,235,154	\$ -	\$ 1,235,154	\$ 1,235,154	\$ -
Unrestricted Miscellaneous Revenues	10-1XXX	1,000	-	1,000	17,585	16,585
Total Local Sources		1,236,154	-	1,236,154	1,252,739	16,585
State Sources:						
School Choice Aid (Other State Aid)	10-3116	35,934	-	35,934	35,934	-
Categorical Transportation Aid	10-3121	83,884	-	83,884	83,884	-
Categorical Special Education	10-3132	52,560	-	52,560	52,560	-
Equalization Aid	10-3176	145,473	-	145,473	145,473	-
Categorical Security Aid	10-3177	9,777	-	9,777	9,777	-
Adjustment Aid	10-3178	343,290	(13,476)	329,814	329,814	-
PARCC Readiness Aid	10-3190	960	-	960	960	-
Per Pupil Growth Aid	10-3191	960	-	960	960	-
Professional Learning Community Aid	10-3183	960	-	960	960	-
Extraordinary Aid	10-3131	-	-	-	13,897	13,897
On-Behalf TPAF Pension Contributions		-	-	-	12,349	12,349
On-Behalf TPAF Port-Retirement Medical Contribution		-	-	-	7,975	7,975
On-Behalf TPAF Long-Term Disability Insurance Contribution		-	-	-	-	-
Total State Sources		673,798	(13,476)	660,322	694,543	34,221
Total Revenues		1,909,952	(13,476)	1,896,476	1,947,282	50,806
<b>EXPENDITURES:</b>						
Current Expense:						
Undist. Expend. - Instruction:						
Tuition To Other LEAs Within the State - Regular	11-000-100-561	889,462	15,416	904,878	889,460	15,418
Tuition To Other LEAs within the State - Special	11-000-100-562	67,463	(8,711)	58,752	22,636	36,116
Tuition To County Voc. School District - Regular	11-000-100-563	9,948	(6,000)	3,948	3,313	635
Tuition To CSSD and Regional Day Schools	11-000-100-565	94,756	(705)	94,051	92,700	1,351
Total Undist. Expend. - Instruction		1,061,629	-	1,061,629	1,008,109	53,520
Undist. Expend. - Speech, OT,PT & Related Services:						
Purchased Professional - Educational Services	11-000-216-320		7,345	7,345	7,345	-
Total Undist. Expend. - Speech, OT,PT & Related Services		-	7,345	7,345	7,345	-
Undist. Expend. - Educational Media Services/School Library:						
Other Purchased Services (400-500 Series)	11-000-222-500	5,000	-	5,000	617	4,383
Total Undist. Expend. - Educational Media Services/School Library		5,000	-	5,000	617	4,383
Undist. Expend. - Support Services - General Administration:						
Legal Services	11-000-230-331	10,800	(5,815)	4,985	-	4,985
Audit Fees	11-000-230-332	12,950	(3,950)	9,000	9,000	-
Other Purchased Professional Services	11-000-230-339	5,253	25,017	30,270	22,302	7,968
Communications/Telephone	11-000-230-530	6,554	(3,993)	2,561	2,561	-
Other Purchased Services	11-000-230-590	900	(250)	650	354	296
Miscellaneous Expenditures	11-000-230-890	2,000	(1,250)	750	648	102
BOE Membership Dues and Fees	11-000-230-895	2,000	(243)	1,757	1,757	-
Total Undist. Expend. - Support Services - General Administration		40,457	9,516	49,973	36,622	13,351

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ACCOUNT NUMBERS	June 30, 2018				VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Undist. Expend. Support Services - Central Services:						
Purchased Professional Services	11-000-251-330	50,150	5,383	55,533	55,533	-
Supplies and Materials	11-000-251-600	380	723	1,103	890	213
Miscellaneous Expenditures	11-000-251-890	-	125	125	125	-
<b>Total Undist. Expend. Support Services - Central Services</b>		<b>50,530</b>	<b>6,231</b>	<b>56,761</b>	<b>56,548</b>	<b>213</b>
Undist. Expend. Support Services - Admin. Info. Tech. Services:						
Purchased Technical Services	11-000-252-340	13,803	(320)	13,483	13,483	-
<b>Total Undist. Expend. Support Services - Admin. Info. Tech. Services</b>		<b>13,803</b>	<b>(320)</b>	<b>13,483</b>	<b>13,483</b>	<b>-</b>
Undist. Expend. - Required Maintenance for School Facilities:						
Cleaning, Repair and Maintenance Services	11-000-261-420	19,400	-	19,400	2,040	17,360
General Supplies	11-000-261-610	7,600	-	7,600	-	7,600
<b>Total Undist. Expend. - Required Maintenance for School Facilities</b>		<b>27,000</b>	<b>-</b>	<b>27,000</b>	<b>2,040</b>	<b>24,960</b>
Undist. Expend. - Custodial Services:						
Purchased Professional and Technical Services	11-000-262-300	48,699	319	49,018	32,928	16,090
Cleaning, Repair and Maintenance Services	11-000-262-420	3,200	-	3,200	1,020	2,180
Insurance	11-000-262-520	14,101	-	14,101	13,736	365
General Supplies	11-000-262-610	199,500	(3,526)	195,974	-	195,974
Energy (Electricity)	11-000-262-622	62,000	-	62,000	17,182	44,818
Energy (Oil)	11-000-262-624	35,000	-	35,000	5,986	29,014
Other Objects	11-000-262-800	200	-	200	-	200
<b>Total Undist. Expend. - Custodial Services</b>		<b>362,700</b>	<b>(3,207)</b>	<b>359,493</b>	<b>70,852</b>	<b>288,641</b>
Undist. Expend. - Care & Upkeep of Grounds:						
Purchased Professional and Technical Services	11-000-263-300	4,000	2,207	6,207	3,908	2,299
General Supplies	11-000-263-610	1,800	-	1,800	-	1,800
<b>Total Undist. Expend. - Care &amp; Upkeep of Grounds:</b>		<b>5,800</b>	<b>2,207</b>	<b>8,007</b>	<b>3,908</b>	<b>4,099</b>
<b>Total Undist. Expend. - Oper. &amp; Maint. of Plant</b>		<b>395,500</b>	<b>(1,000)</b>	<b>394,500</b>	<b>76,800</b>	<b>317,700</b>
Undist. Expend. - Security:						
Purchased Professional and Technical Services	11-000-266-300	16,000	-	16,000	-	16,000
General Supplies	11-000-266-610	2,000	-	2,000	-	2,000
<b>Total Undist. Expend. - Security:</b>		<b>18,000</b>	<b>-</b>	<b>18,000</b>	<b>-</b>	<b>18,000</b>
Undist. Expend. - Student Transportation Services:						
Management Fee - ESC Transportation Program	11-000-270-350	15,720	-	15,720	5,773	9,947
Contracted Services (Other Than Bet. Home & School) - Venc	11-000-270-512	-	1,100	1,100	1,100	-
Contracted Services (Bet. Home & School) - Joint Agreements	11-000-270-513	373,153	(34,448)	338,705	130,584	208,121
Contracted Services (Special Ed Students) - Joint Agreements	11-000-270-515	99,750	-	99,750	14,912	84,838
<b>Total Undist. Expend. - Student Transportation Services</b>		<b>488,623</b>	<b>(33,348)</b>	<b>455,275</b>	<b>152,369</b>	<b>302,906</b>
Unallocated Benefits - Employee Benefits:						
Other Retirement Contributions - PERS	11-000-291-241	-	267	267	267	-
Unemployment Compensation	11-000-291-250	20,000	(2,167)	17,833	33	17,800
Workmen's Compensation	11-000-291-260	1,575	-	1,575	1,000	575
<b>Total Unallocated Benefits - Employee Benefits</b>		<b>21,575</b>	<b>(1,900)</b>	<b>19,675</b>	<b>1,300</b>	<b>18,375</b>

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ACCOUNT NUMBERS	June 30, 2018			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
On-Behalf Contributions:						
On-Behalf TPAF Pension Contributions		-	-	-	12,349	(12,349)
On-Behalf TPAF Port-Retirement Medical Contribution		-	-	-	7,975	(7,975)
On-Behalf TPAF Long-Term Disability Insurance Contribution		-	-	-	-	-
Total On-Behalf Contributions		-	-	-	20,324	(20,324)
Total Personal Services - Employee Benefits		21,575	(1,900)	19,675	21,624	(1,949)
Total Undistributed Expenditures		2,095,117	(13,476)	2,081,641	1,373,517	708,124
Total Expenditures - Current Expense		2,095,117	(13,476)	2,081,641	1,373,517	708,124
CAPITAL OUTLAY						
Facilities Acquisition and Construction Services:						
Assessment for Debt Service on SDA Funding	12-000-400-896	18,840	-	18,840	18,840	-
Total Facilities Acquisition and Construction Services		18,840	-	18,840	18,840	-
Total Capital Outlay		18,840	-	18,840	18,840	-
Total Expenditures		2,113,957	(13,476)	2,100,481	1,392,357	708,124
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses)		(204,005)	-	(204,005)	554,925	758,930
Other Financing Sources/(Uses) and Adjustments:						
Operating Transfers In - Enterprise Fund		-	-	-	730	730
Total Other Financing Sources/(Uses)		-	-	-	730	730
Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources/(Uses)		(204,005)	-	(204,005)	555,655	759,660
Fund Balances, July 1		853,650	-	853,650	853,650	-
Fund Balances, June 30		\$ 649,645	\$ -	\$ 649,645	\$ 1,409,305	\$ 759,660
Restricted Fund Balance:						
Excess Surplus					\$ 731,315	
Excess Surplus - Designated for Subsequent Year's Expenditures					188,187	
Maintenance Reserve - Designated for Subsequent Year's Expenditures					195,910	
Assigned Fund Balance:						
Designated for Subsequent Year's Expenditures					15,548	
Year-End Encumbrances					14,448	
Unassigned Fund Balance					263,897	
					1,409,305	
Reconciliation To Governmental Funds Statements (GAAP):						
Last State Aid Payment Not Recognized on GAAP Basis					(60,337)	
Fund Balance per Governmental Funds (GAAP)					\$ 1,348,968	

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	JUNE 30, 2018				VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources	\$ -	\$ 2,393	\$ 2,393	\$ 2,393	\$ -
Total Revenues	-	2,393	2,393	2,393	-
Expenditures:					
Support Services:					
Other Purchased Services	-	2,393	2,393	2,393	-
Total Support Services	-	2,393	2,393	2,393	-
Total Expenditures	-	2,393	2,393	2,393	-
Total Outflows	-	2,393	2,393	2,393	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

	GENERAL FUND	SPECIAL REVENUE FUND
<b>SOURCES/INFLOWS OF RESOURCES</b>		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 1,947,282	\$ 2,393
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	60,566	-
Less: Current year state aid payment not recognized for GAAP purposes until subsequent year	<u>(60,337)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 1,947,511</u>	<u>\$ 2,393</u>
<b>USES/OUTFLOWS OF RESOURCES</b>		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	<u>\$ 1,392,357</u>	<u>\$ 2,393</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 1,392,357</u>	<u>\$ 2,393</u>

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

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

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.0000288215%	0.0012979722%	0.0012902861%	0.0015758403%	0.0014705110%
School District's proportionate share of the net pension liability	\$ 6,709	\$ 384,422	\$ 289,643	\$ 295,040	\$ 281,044
School District's covered payroll	\$ -	\$ 92,230	\$ 77,788	\$ 89,007	\$ 103,553
School District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	416.81%	372.35%	331.48%	271.40%
Plan fiduciary net position as a percentage of the total pension liability	36.78%	40.14%	47.93%	52.08%	48.72%

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

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

	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 267	\$ 11,674	\$ 11,531	\$ 11,093	12,991
Contributions in relation to the contractually required contribution	(267)	(11,674)	(11,531)	(11,093)	(12,991)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ -	\$ 92,230	\$ 77,788	\$ 89,007	\$ 103,553
Contributions as a percentage of covered payroll	N/A	12.66%	14.82%	12.46%	12.55%

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

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

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	<u>\$ 2,022,520</u>	<u>\$ 2,047,889</u>	<u>\$ 1,625,477</u>	<u>\$ 1,822,623</u>	<u>\$ 2,960,572</u>
School District's covered payroll	\$ -	\$ 280,814	\$ 272,465	\$ 264,280	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

M. Schedules Related to Accounting and Reporting for Other Post-Employment Benefits (GASB 75)

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)  
LAST FISCAL YEAR\***

	2018
<b>District's Total OPEB Liability</b>	
Service Cost	\$ 43,974
Interest Cost	126,583
Changes of Assumptions	(498,374)
Contributions: Member	3,432
Gross Benefit Payments	(93,216)
Net Change in District's Total OPEB Liability	(417,601)
District's Total OPEB Liability (Beginning)	4,442,118
District's Total OPEB Liability (Ending)	\$ 4,024,517
District's Covered Employee Payroll	\$ -
District's Net OPEB Liability as a Percentage of Payroll	N/A

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III  
YEAR ENDED JUNE 30, 2018**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 3.22% as of June 30, 2016, to 4.25% as of June 30, 2017.

**Public Employees' Retirement System (PERS)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 3.98% as of June 30, 2016, to 5.00% as of June 30, 2017.

**State Health Benefit Local Education Retired Employees Plan (OPEB)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 2.85% as of June 30, 2016, to 3.58% as of June 30, 2017.

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**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Revenues</u>	SAFETY GRANT	TOTALS
Local Sources	\$ 2,393	\$ 2,393
Total Revenues	<u>\$ 2,393</u>	<u>\$ 2,393</u>
 <u>Expenditures</u>		
Support Services:		
Other Purchased Services	\$ 2,393	\$ 2,393
Total Support Services	<u>2,393</u>	<u>2,393</u>
Total Expenditures	<u>\$ 2,393</u>	<u>\$ 2,393</u>

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F. Capital Projects Fund

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**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Other Financing Sources/(Uses):	
Return of Contribution from Township	<u>\$ (9,503)</u>
Total Other Financing Sources/(Uses)	<u>(9,503)</u>
Excess/(Deficiency) of Revenues	
Over/(Under) Expenditures	(9,503)
Fund Balance - July 1	<u>\$ 9,503</u>
Fund Balance - June 30	<u><u>\$ -</u></u>

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS  
GREEN BANK ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
<b>Revenues and Other Financing Sources:</b>				
State Sources - SCC Grant	\$ 1,441,825	\$ -	\$ 1,441,825	\$ 1,478,646
Contribution from Township	4,000,000	-	4,000,000	4,000,000
<b>Total Revenues</b>	<b>5,441,825</b>		<b>5,441,825</b>	<b>5,478,646</b>
<b>Expenditures and Other Financing Sources:</b>				
Purchased Professional and Technical Services	612,635	-	612,635	612,635
Construction Services	4,819,687	-	4,819,687	4,856,508
Return of Contribution from Township	-	9,503	9,503	9,503
<b>Total Expenditures and Other Financing Sources</b>	<b>5,432,322</b>	<b>9,503</b>	<b>5,441,825</b>	<b>5,478,646</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>\$ 9,503</b>	<b>\$ (9,503)</b>	<b>\$ -</b>	<b>\$ -</b>

**Additional Project Information:**

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

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G. Proprietary Funds

FOOD SERVICE FUND

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

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

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H. Fiduciary Fund

Not Applicable

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I. Long-Term Debt

Not Applicable

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**STATISTICAL SECTION (Unaudited)**

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Government Activities:</b>										
Net Investment in Capital Assets	\$ 5,771,882	\$ 5,710,791	\$ 4,579,467	\$ 4,414,192	\$ 4,277,744	\$ 4,160,818	\$ 4,028,463	\$ 3,898,255	\$ 3,733,708	\$ -
Restricted	270,676	155,928	538,797	620,295	615,617	642,441	436,899	413,958	597,605	1,115,412
Unrestricted	136,452	218,861	169,884	161,040	174,614	168,950	(117,956)	(110,608)	(101,742)	(16,682)
<b>Total Government Activities Net Position</b>	<b>\$ 6,179,010</b>	<b>\$ 6,085,580</b>	<b>\$ 5,288,148</b>	<b>\$ 5,195,527</b>	<b>\$ 5,067,975</b>	<b>\$ 4,972,209</b>	<b>\$ 4,347,406</b>	<b>\$ 4,201,605</b>	<b>\$ 4,229,571</b>	<b>\$ 1,098,730</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ 25,727	\$ 22,254	\$ 18,784	\$ 15,314	\$ 12,474	\$ 7,195	\$ -
Unrestricted	31,584	28,329	18,937	13,444	5,748	3,381	2,282	(2,092)	-	-
<b>Total Business-Type Activities Net Position</b>	<b>\$ 31,584</b>	<b>\$ 28,329</b>	<b>\$ 18,937</b>	<b>\$ 39,171</b>	<b>\$ 28,002</b>	<b>\$ 22,165</b>	<b>\$ 17,596</b>	<b>\$ 10,382</b>	<b>\$ 7,195</b>	<b>\$ -</b>
<b>District-wide:</b>										
Net Investment in Capital Assets	\$ 5,771,882	\$ 5,710,791	\$ 4,579,467	\$ 4,439,919	\$ 4,299,998	\$ 4,179,602	\$ 4,043,777	\$ 3,910,729	\$ 3,740,903	\$ -
Restricted	270,676	155,928	538,797	620,295	615,617	642,441	436,899	413,958	597,605	1,115,412
Unrestricted	168,036	247,190	188,820	174,483	180,362	172,331	(115,674)	(112,700)	(101,742)	(16,682)
<b>Total District Net Position</b>	<b>\$ 6,210,594</b>	<b>\$ 6,113,909</b>	<b>\$ 5,307,084</b>	<b>\$ 5,234,697</b>	<b>\$ 5,095,977</b>	<b>\$ 4,994,374</b>	<b>\$ 4,365,002</b>	<b>\$ 4,211,987</b>	<b>\$ 4,236,766</b>	<b>\$ 1,098,730</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
Instruction:										
Regular	\$ (645,342)	\$ (926,382)	\$ (746,967)	\$ (579,860)	\$ (379,457)	\$ (405,073)	\$ (368,645)	\$ (327,184)	\$ (27,464)	\$ -
Special Education	(56,458)	(101,220)	(84,480)	(80,134)	(60,563)	(42,698)	(44,655)	(51,526)	-	-
Other Instruction	(1,900)	(2,500)	(116)	-	-	-	-	-	-	-
Support Services:										
Tuition	(372,413)	(326,930)	(403,290)	(618,533)	(731,892)	(836,390)	(1,069,536)	(1,089,208)	(1,289,114)	(1,008,109)
Student and Instruction Related Services	(272,677)	(218,479)	(224,392)	(221,701)	(159,873)	(131,753)	(144,543)	(148,606)	(11,510)	(10,355)
General & Business Administrative Services	(79,960)	(70,743)	(50,798)	(36,988)	(36,275)	(35,332)	(34,307)	(38,856)	(42,419)	(36,622)
School Administrative Services	(15,423)	(17,095)	(16,975)	(12,904)	(12,450)	(12,280)	(12,200)	(12,200)	-	-
Central Services	-	(24,232)	(25,893)	(18,857)	(17,476)	(17,024)	(17,991)	(17,900)	(11,178)	(56,548)
Administrative Information Technology	-	(9,384)	(5,624)	(5,736)	(5,966)	(10,704)	(10,885)	(9,800)	(5,000)	(13,483)
Plant Operations and Maintenance	(145,563)	(199,954)	(208,868)	(196,642)	(159,905)	(166,925)	(167,089)	(177,569)	(146,685)	(95,640)
Pupil Transportation	(192,356)	(179,991)	(31,840)	(161,226)	(159,443)	(136,001)	(136,645)	(162,500)	(189,506)	(152,369)
Employee Benefits	(265,569)	-	-	(222,188)	(222,188)	(163,123)	(254,451)	(253,792)	(209,230)	(191,133)
Unallocated Increase in Compensated Absences	(11,587)	-	-	-	-	-	-	-	-	-
Unallocated Depreciation and Amortization	(138,163)	(140,793)	(144,285)	(138,308)	(136,448)	(136,448)	(135,605)	(135,605)	(159,150)	(43,898)
<b>Total Governmental Activities Expenses</b>	<b>(2,197,411)</b>	<b>(2,217,703)</b>	<b>(1,943,528)</b>	<b>(2,070,888)</b>	<b>(2,081,936)</b>	<b>(2,093,751)</b>	<b>(2,396,552)</b>	<b>(2,424,746)</b>	<b>(2,091,256)</b>	<b>(1,608,157)</b>
<b>Business-Type Activities:</b>										
Food Service										
	(61,418)	(47,470)	(26,610)	(26,587)	(22,773)	(18,447)	(19,475)	(20,402)	(5,279)	(7,195)
<b>Total Business-Type Activities Expenses</b>	<b>(61,418)</b>	<b>(47,470)</b>	<b>(26,610)</b>	<b>(26,587)</b>	<b>(22,773)</b>	<b>(18,447)</b>	<b>(19,475)</b>	<b>(20,402)</b>	<b>(5,279)</b>	<b>(7,195)</b>
<b>Total District Expenses</b>	<b>\$ (2,258,829)</b>	<b>\$ (2,265,174)</b>	<b>\$ (1,970,138)</b>	<b>\$ (2,097,475)</b>	<b>\$ (2,104,709)</b>	<b>\$ (2,112,198)</b>	<b>\$ (2,416,027)</b>	<b>\$ (2,445,148)</b>	<b>\$ (2,096,535)</b>	<b>\$ (1,615,352)</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Operating Grants and Contributions										
	\$ 118,714	\$ 94,923	\$ 91,260	\$ 91,260	\$ 220,218	\$ 203,340	\$ 174,141	\$ 163,405	\$ 188,667	\$ 248,712
<b>Total Governmental Activities Program Revenues</b>	<b>118,714</b>	<b>94,923</b>	<b>91,260</b>	<b>91,260</b>	<b>220,218</b>	<b>203,340</b>	<b>174,141</b>	<b>163,405</b>	<b>188,667</b>	<b>248,712</b>
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	18,820	15,240	7,851	9,643	4,108	5,188	7,864	6,527	2,092	-
Operating Grants and Contributions	18,956	18,975	9,367	7,978	7,497	7,422	7,042	6,661	-	-
<b>Total Business-Type Activities Program Revenues</b>	<b>37,776</b>	<b>34,216</b>	<b>17,218</b>	<b>17,621</b>	<b>11,604</b>	<b>12,610</b>	<b>14,906</b>	<b>13,188</b>	<b>2,092</b>	<b>-</b>
<b>Total District Program Revenues</b>	<b>\$ 156,490</b>	<b>\$ 129,139</b>	<b>\$ 108,478</b>	<b>\$ 108,881</b>	<b>\$ 231,822</b>	<b>\$ 215,950</b>	<b>\$ 189,047</b>	<b>\$ 176,593</b>	<b>\$ 190,759</b>	<b>\$ 248,712</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$ (2,078,697)	\$ (2,122,780)	\$ (1,852,268)	\$ (1,979,638)	\$ (1,861,718)	\$ (1,890,411)	\$ (2,222,411)	\$ (2,261,341)	\$ (1,902,589)	\$ (1,359,445)
Business-Type Activities	(23,642)	(13,255)	(9,393)	(8,966)	(11,169)	(5,837)	(4,569)	(7,214)	(3,187)	(7,195)
<b>Total District-wide Net (Expense)/Revenue</b>	<b>\$ (2,102,339)</b>	<b>\$ (2,136,035)</b>	<b>\$ (1,861,661)</b>	<b>\$ (1,988,595)</b>	<b>\$ (1,872,887)</b>	<b>\$ (1,896,248)</b>	<b>\$ (2,226,980)</b>	<b>\$ (2,268,555)</b>	<b>\$ (1,905,776)</b>	<b>\$ (1,366,640)</b>
<b>General Revenues and Other Changes in Net Assets:</b>										
Governmental Activities:										
General Revenues:										
Property Taxes Levied for General Purposes, Net	\$ 1,257,077	\$ 1,249,077	\$ 1,425,743	\$ 1,169,139	\$ 1,187,766	\$ 1,206,765	\$ 1,226,145	\$ 1,420,963	\$ 1,235,154	\$ 1,235,154
State Aid - Unrestricted	798,113	779,879	687,835	736,218	546,356	580,956	652,003	693,750	682,541	674,448
Investment Earnings	-	325	1,861	79	-	-	-	-	-	-
Miscellaneous Income	2,910	15,169	22,524	8,539	44	6,924	504	827	12,860	17,585
Special Items:										
Loss on Sale of Building & Equipment	-	-	-	-	-	-	-	-	-	(3,689,810)
Return of Contribution from Township	-	-	-	-	-	-	-	-	-	(9,503)
Transfers	(16,000)	(15,100)	-	-	-	-	-	-	-	730
<b>Total Governmental Activities</b>	<b>2,042,100</b>	<b>2,029,351</b>	<b>2,137,963</b>	<b>1,913,975</b>	<b>1,734,166</b>	<b>1,794,645</b>	<b>1,878,652</b>	<b>2,115,540</b>	<b>1,930,555</b>	<b>(1,771,396)</b>
Business-Type Activities:										
Miscellaneous Income	124	-	-	-	-	-	-	-	-	730
Transfers	16,000	10,000	-	-	-	-	-	-	-	(730)
<b>Total Business-Type Activities</b>	<b>16,124</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total District-wide</b>	<b>\$ 2,058,224</b>	<b>\$ 2,039,351</b>	<b>\$ 2,137,963</b>	<b>\$ 1,913,975</b>	<b>\$ 1,734,166</b>	<b>\$ 1,794,645</b>	<b>\$ 1,878,652</b>	<b>\$ 2,115,540</b>	<b>\$ 1,930,555</b>	<b>\$ (1,771,396)</b>
<b>Changes in Net Position:</b>										
Governmental Activities	\$ (36,597)	\$ (93,430)	\$ 285,695	\$ (65,654)	\$ (127,552)	\$ (95,766)	\$ (343,759)	\$ (145,801)	\$ 27,966	\$ (3,130,841)
Business-Type Activities	(7,518)	(3,255)	(9,393)	(8,966)	(11,169)	(5,837)	(4,569)	(7,214)	(3,187)	(7,195)
<b>Total District</b>	<b>\$ (44,115)</b>	<b>\$ (96,685)</b>	<b>\$ 276,303</b>	<b>\$ (74,620)</b>	<b>\$ (138,721)</b>	<b>\$ (101,603)</b>	<b>\$ (348,328)</b>	<b>\$ (153,015)</b>	<b>\$ 24,779</b>	<b>\$ (3,138,036)</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund:</b>										
Reserved	\$ 180,924	\$ 143,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	162,200	239,560	-	-	-	-	-	-	-	-
Restricted	-	-	310,331	532,060	466,957	371,794	279,974	395,030	575,488	1,115,412
Assigned	-	-	218,964	78,733	139,157	261,144	147,422	9,425	12,614	29,996
Unassigned	-	-	188,087	180,272	194,753	190,069	193,447	196,239	204,982	203,560
<b>Total General Fund</b>	<b>\$ 343,124</b>	<b>\$ 383,370</b>	<b>\$ 717,381</b>	<b>\$ 791,064</b>	<b>\$ 800,867</b>	<b>\$ 823,007</b>	<b>\$ 620,843</b>	<b>\$ 600,694</b>	<b>\$ 793,084</b>	<b>\$ 1,348,968</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$ 62,944	\$ 2,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Capital Projects Fund	26,808	9,503	-	-	-	-	-	-	-	-
Restricted for:										
Capital Projects	-	-	9,503	9,503	9,503	9,503	9,503	9,503	9,503	-
<b>Total All Other Governmental Funds</b>	<b>\$ 89,752</b>	<b>\$ 12,118</b>	<b>\$ 9,503</b>	<b>\$ 9,503</b>	<b>\$ 9,503</b>	<b>\$ 9,503</b>	<b>\$ 9,503</b>	<b>\$ 9,503</b>	<b>\$ 9,503</b>	<b>\$ -</b>



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Tax Levy	\$ 1,257,077	\$ 1,249,077	\$ 1,425,743	\$ 1,169,139	\$ 1,187,766	\$ 1,206,765	\$ 1,226,145	\$ 1,420,963	\$ 1,235,154	\$ 1,235,154
Miscellaneous	2,910	15,494	24,386	8,618	44	6,924	504	827	12,860	17,585
Local Sources	81,244	-	-	-	2,391	-	1,185	-	1,688	2,393
State Sources	798,206	807,377	732,695	762,156	731,747	723,310	708,715	760,754	744,483	694,772
Federal Sources	37,377	67,425	46,400	65,322	32,437	60,986	32,074	41,124	3,996	-
<b>Total Revenues</b>	<b>2,176,814</b>	<b>2,139,374</b>	<b>2,229,223</b>	<b>2,005,235</b>	<b>1,954,384</b>	<b>1,997,985</b>	<b>1,968,623</b>	<b>2,225,356</b>	<b>1,999,093</b>	<b>1,949,904</b>
<b>Expenditures:</b>										
Instruction:										
Regular	645,342	729,917	569,096	440,748	379,457	405,073	368,645	327,184	27,464	-
Special Education	56,458	81,879	65,277	63,867	60,563	42,698	44,655	51,526	-	-
Other	1,900	2,500	116	-	-	-	-	-	-	-
Support Services and Undistributed Costs:										
Tuition	372,413	326,930	403,290	618,533	731,892	836,390	1,069,536	1,089,208	1,289,114	1,008,109
Student and Instruction Related Services	272,677	196,019	192,489	186,779	159,873	131,753	144,543	148,606	11,510	10,355
General & Business Administration Services	15,423	67,330	50,482	36,530	36,275	35,332	34,307	38,856	42,419	36,622
School Administrative Services	49,410	17,095	16,975	12,904	12,450	12,200	12,200	12,200	-	-
Central Services	30,550	24,232	25,893	18,857	17,476	17,024	17,991	17,900	11,178	56,548
Administrative Information Technology	-	9,384	5,624	5,736	5,966	10,704	10,885	9,800	5,000	13,483
Plant Operations and Maintenance	145,563	162,290	147,732	160,949	147,687	167,607	148,249	158,729	127,845	76,800
Pupil Transportation	192,356	179,991	123,100	137,193	159,443	136,001	136,645	162,500	189,506	152,369
Unallocated Benefits	265,569	284,393	277,615	240,552	221,282	162,143	161,041	210,156	83,827	1,300
On-Behalf TPAF Pension & Soc. Sec. Contri.	-	-	-	-	-	-	-	-	-	20,324
Capital Outlay	-	79,702	20,138	8,903	12,218	18,840	22,090	18,840	18,840	18,840
<b>Total Expenditures</b>	<b>2,047,661</b>	<b>2,161,662</b>	<b>1,897,827</b>	<b>1,931,551</b>	<b>1,944,582</b>	<b>1,975,845</b>	<b>2,170,787</b>	<b>2,245,505</b>	<b>1,806,703</b>	<b>1,394,750</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	129,153	(22,288)	331,396	73,683	9,803	22,140	(202,164)	(20,149)	192,390	555,154
Other Financing Sources/(Uses):										
Transfers In/(Out)	(16,000)	(15,100)	(15,100)	-	-	-	-	-	-	730
Return of Contribution from Township	-	-	-	-	-	-	-	-	-	(9,503)
<b>Total Other Financing Sources/(Uses)</b>	<b>(16,000)</b>	<b>(15,100)</b>	<b>(15,100)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,773)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 113,153</b>	<b>\$ (37,388)</b>	<b>\$ 316,296</b>	<b>\$ 73,683</b>	<b>\$ 9,803</b>	<b>\$ 22,140</b>	<b>\$ (202,164)</b>	<b>\$ (20,149)</b>	<b>\$ 192,390</b>	<b>\$ 546,381</b>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: District records

Note: Noncapital expenditures are total expenditures less Capital Outlay.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Donations	\$ -	\$ -	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on Investments	1,347	839	1,861	79	-	-	-	-	-	2,745
Miscellaneous	651	-	1,522	974	44	6,924	504	827	12,860	14,840
	\$ 1,998	\$ 839	\$ 21,383	\$ 1,053	\$ 44	\$ 6,924	\$ 504	\$ 827	\$ 12,860	\$ 17,585

Source: District records

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

YEAR ENDING DECEMBER 31,	VACANT LAND	RESIDENTIAL	FARM REG	QFARM	COMMERCIAL	INDUSTRIAL
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	3,948,700	92,291,200	8,906,600	1,657,100	14,853,400	2,099,400
2011	3,946,600	91,157,600	9,206,600	1,651,300	14,903,400	2,099,400
2012	3,949,100	90,844,400	9,346,500	1,653,600	14,903,400	2,099,400
2013	4,035,200	89,246,300	9,679,500	1,653,600	14,903,400	2,099,400
2014	3,331,200	68,504,600	8,059,400	1,692,400	12,580,400	1,715,000
2015	3,293,700	68,814,800	7,989,000	1,692,400	12,580,400	1,715,000
2016	3,453,300	68,521,600	7,989,000	1,692,400	12,580,400	1,715,000
2017	3,652,000	69,041,300	6,673,000	1,692,400	12,580,400	1,715,000
2018	N/A	N/A	N/A	N/A	N/A	N/A

APARTMENT	TOTAL ASSESSED ACTUAL	PUBLIC UTILITIES	NET VALUATION TAXABLE	ESTIMATED A (COUNTY EQUALIZED) VALUE	TOTAL DIRECT SCHOOL TAX RATE
2009	N/A	N/A	N/A	N/A	N/A
2010	-	123,756,400	389,398	106,747,802	0.819
2011	-	122,964,900	383,325	103,219,301	0.820
2012	-	122,796,400	359,973	107,770,651	0.819
2013	-	121,617,400	259,541	96,996,621	1.126
2014	-	95,883,000	259,541	96,996,621	1.126
2015	-	96,085,300	265,655	97,297,599	1.231
2016	-	95,951,700	100	93,224,871	1.342
2017	-	95,354,100	100	90,074,325	1.295
2018	N/A	N/A	N/A	N/A	N/A

Source: Municipal Tax Assessor

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

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

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

\* Reassessed

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

YEAR ENDING DECEMBER 31,	DISTRICT DIRECT RATE		OVERLAPPING RATES					TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	(From J-6) TOTAL DIRECT SCHOOL TAX RATE	TOWNSHIP OF WASHINGTON	BURLINGTON COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE		
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2010	0.734	0.734	N/A	0.289	0.028	0.038	1.089	
2011	0.819	0.819	N/A	0.266	0.026	0.034	1.145	
2012	0.820	0.820	N/A	0.259	0.026	0.034	1.139	
2013	0.819	0.819	N/A	0.294	0.027	0.013	1.153	
2014	1.126	1.126	N/A	0.336	0.031	0.016	1.509	
2015	1.231	1.231	N/A	0.345	0.032	0.400	1.648	
2016	1.342	1.342	N/A	0.327	0.031	0.039	1.739	
2017	1.295	1.295	1.679	0.317	0.029	0.038	1.679	
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

Source: Municipal Tax Collector

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

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

2018			2009		
TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
_____			_____		
Total \$ _____			Total \$ _____		

**DATA NOT AVAILABLE**

**DATA NOT AVAILABLE**

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY <sup>a</sup>		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2009	\$ 1,257,077	\$ 1,257,077	100.00%	-
2010	1,249,077	1,249,077	100.00%	-
2011	1,425,743	1,425,743	100.00%	-
2012	1,169,139	1,169,139	100.00%	-
2013	1,187,766	1,187,766	100.00%	-
2014	1,206,765	1,206,765	100.00%	-
2015	1,226,145	1,226,145	100.00%	-
2016	1,420,963	1,420,963	100.00%	-
2017	1,235,154	1,235,154	100.00%	-
2018	1,235,154	1,235,154	100.00%	-

Source: School District records

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

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

FISCAL YEAR ENDING JUNE 30,	GOVERNMENTAL ACTIVITIES				BOND		BUSINESS-TYPE ACTIVITIES		
	GENERAL OBLIGATION BONDS <sup>b</sup>	CERTIFICATES OF PARTICIPATION	CAPITAL LEASES	ANTICIPATION NOTES (BAN)	CAPITAL LEASES	TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME <sup>a</sup>	PER CAPITA <sup>a</sup>	
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

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

FISCAL YEAR ENDING JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE <sup>a</sup> OF PROPERTY	PER CAPITA <sup>b</sup>
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2009	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A	N/A

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

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

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



**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2018  
(UNAUDITED)**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE <sup>a</sup>	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt Repaid with Property Taxes:			
Washington Township	\$ -	100.00%	\$ -
County of Burlington	297,399,680	0.20%	<u>581,117</u>
Subtotal, Overlapping Debt			581,117
Washington Township School District			<u>-</u>
Total Direct and Overlapping Debt			<u>\$ 581,117</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2016

	FISCAL YEAR				
	2009	2010	2011	2012	2013
Debt Limit	\$ 3,660,326	\$ 4,833,630	\$ 4,599,117	\$ 4,236,503	\$ 4,236,503
Legal Debt Margin	<u>\$ 3,660,326</u>	<u>\$ 4,833,630</u>	<u>\$ 4,599,117</u>	<u>\$ 4,236,503</u>	<u>\$ 4,236,503</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit					
	2014	2015	2016	2017	2018
Debt Limit	\$ 4,106,488	\$ 4,023,519	\$ 3,694,979	\$ 2,765,981	\$ 2,726,231
Legal Debt Margin	<u>\$ 4,106,488</u>	<u>\$ 4,023,519</u>	<u>\$ 3,694,979</u>	<u>\$ 2,765,981</u>	<u>\$ 2,726,231</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit					

Equalized Valuation Basis	
2017	\$ 91,326,597
2016	89,348,822
2015	<u>91,947,656</u>
(A)	<u>\$ 272,623,075</u>
(A/3)	<u>\$ 90,874,358</u>
(B)	\$ 2,726,231 <sup>a</sup>
(C)	-
(B-C)	<u>\$ 2,726,231</u>

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

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

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

YEAR	POPULATION <sup>a</sup>	PERSONAL INCOME <sup>b</sup>	PER CAPITA PERSONAL INCOME <sup>c</sup>	UNEMPLOYMENT RATE <sup>d</sup>
2008	646	30,828,412	47,722	13.2%
2009	649	30,872,281	47,569	14.1%
2010	685	32,869,725	47,985	13.8%
2011	687	34,141,839	49,697	14.3%
2012	683	34,654,737	50,739	8.6%
2013	684	34,977,024	51,136	1.6%
2014	673	35,563,339	52,843	5.7%
2015	673	37,251,223	55,351	7.6%
2016	696	39,541,152	56,812	6.7%
2017	710	N/A	N/A	6.2%

Source:

<sup>a</sup> Population information provided by the NJ Department of Labor and Workforce Development.

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>c</sup> Per capita personal income provided by the NJ Department of Labor and Workforce Development.

<sup>d</sup> Unemployment data provided by the NJ Department of Labor and Workforce Development.

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

EMPLOYER	2018			2009		
	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL MUNICIPAL EMPLOYMENT	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL MUNICIPAL EMPLOYMENT
	_____			_____		
Total	=====			=====		

**DATA NOT AVAILABLE**

**DATA NOT AVAILABLE**

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

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018*
Instruction:										
Regular	10.80	8.80	7.60	6.40	3.93	4.47	4.47	4.47	-	-
Special Education	1.00	1.00	1.00	2.70	0.68	0.68	0.68	0.68	-	-
Support Services:										
Student and Instruction Related Services	1.00	1.00	1.00	1.00	1.00	0.96	1.00	1.00	-	-
School Administrative Services	-	-	0.50	-	0.50	0.50	0.50	0.50	-	-
General & Business Administrative Services	-	-	0.50	-	0.50	0.50	0.50	0.50	-	-
Plant Operations and Maintenance	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-
Pupil Transportation	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
Food Service	1.40	1.40	1.00	-	-	-	-	-	-	-
<b>Total</b>	<b>16.20</b>	<b>14.20</b>	<b>13.60</b>	<b>12.10</b>	<b>8.61</b>	<b>8.11</b>	<b>8.15</b>	<b>8.15</b>	<b>-</b>	<b>-</b>

Source: District Personnel Records

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

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018**
<b>DISTRICT BUILDINGS</b>										
Green Bank School (2006)	25,321	25,321	25,321	25,321	25,321	25,321	25,321	25,321	25,321	N/A
Square Feet	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>N/A</b>
Capacity (Students)	81	70	60	45	37	31	42	36	-	N/A
Enrollment PK-8										

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

\*\* - The Green Bank School was sold during the 2017-2018 school year.

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

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

11-000-261-xxx

	<u>*SCHOOL FACILITIES</u> PROJECT # (S)	GREEN BANK ELEMENTARY SCHOOL	<u>TOTAL</u>
2009	N/A	\$ 17,088	\$ 17,088
2010	N/A	9,870	9,870
2011	N/A	10,973	10,973
2012	N/A	12,631	12,631
2013	N/A	11,087	11,087
2014	N/A	18,966	18,966
2015	N/A	16,828	16,828
2016	N/A	31,573	31,573
2017	N/A	13,532	13,532
2018	N/A	<u>2,040</u>	<u>2,040</u>
Total School Facilities		<u>\$ 144,588</u>	<u>\$ 144,588</u>

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

Source: District records



**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2018  
(UNAUDITED)**

	COVERAGE	DEDUCTIBLE
School Package Policy:		
Property		
Blanket Coverage for Building and Contents	\$ 5,456,500	\$ 1,000
Extra Expense	50,000,000	1,000
Papers and Records	10,000,000	1,000
Electronic Hardware and Software	75,000	1,000
General Liability	6,000,000	N/A
Medical Expense Limit	10,000	1,000
Employee Benefits Liability	6,000,000	N/A
Automobile	6,000,000	N/A
Sexual Abuse Liability	6,000,000	N/A
School Board Legal Liability	5,000,000	1,000
Boiler and Machinery	100,000,000	1,000
Surety Bonds:		
Treasurer	130,000	
Board Secretary/Business Administrator	100,000	

Source: District records

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**SINGLE AUDIT SECTION**

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WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2017	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE AT JUNE 30, 2018 (ACCOUNTS RECEIVABLE)
<b>U.S. Department of Education:</b>									
Passed-Through New Jersey Department of Education:									
Special Revenue Fund:									
Title I Part A	84.010	S010A140030	100-034-5064-194	\$ 716	7/1/14-6/30/15	(413)	\$ -	\$ -	(413)
Subtotal						(413)	-	-	(413)
Special Education Cluster						(700)	-	-	(700)
I.D.E.A. Part B, Preschool	84.173	H173A150114	100-034-5065-020	1,817	7/1/15-6/30/16	(700)	-	-	(700)
Total Special Education Cluster						(700)	-	-	(700)
Total Passed-Through New Jersey Department of Education						(1,113)	-	-	(1,113)
<b>Total U.S. Department of Education</b>						(1,113)	-	-	(1,113)
<b>Total Expenditures of Federal Awards</b>						\$ (1,113)	\$ -	\$ -	\$ (1,113)

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR YEAR ENDED JUNE 30, 2018

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	(ACCOUNTS RECEIVABLE) JUNE 30, 2018	MEMO	
									BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<b>State Department of Education:</b>										
General Fund:										
State Aid Public:										
Equalization Aid	18-495-034-5120-078	\$ 145,473	7/1/17-6/30/18	\$ -	145,473	\$(145,473)	-	\$ -	13,076	\$ 145,473
School Choice Aid	18-495-034-5120-068	35,934	7/1/17-6/30/18	-	35,934	(35,934)	-	-	3,230	35,934
Special Education Aid	18-495-034-5120-089	52,560	7/1/17-6/30/18	-	52,560	(52,560)	-	-	4,725	52,560
Security Aid	18-495-034-5120-084	9,777	7/1/17-6/30/18	-	9,777	(9,777)	-	-	879	9,777
PARCC Readiness Aid	18-495-034-5120-098	960	7/1/17-6/30/18	-	960	(960)	-	-	86	960
Per Pupil Growth Aid	18-495-034-5120-097	960	7/1/17-6/30/18	-	960	(960)	-	-	86	960
Adjustment Aid	18-495-034-5120-085	329,814	7/1/17-6/30/18	-	329,814	(329,814)	-	-	30,858	329,814
Professional Learning Community Aid	18-495-034-5120-101	960	7/1/17-6/30/18	-	960	(960)	-	-	86	960
<b>Total State Aid Public</b>				-	576,438	(576,438)	-	-	53,026	576,438
Transportation Aid	18-495-034-5120-014	83,884	7/1/17-6/30/18	-	83,884	(83,884)	-	-	7,540	83,884
Extraordinary Aid	18-100-034-5120-473	13,897	7/1/17-6/30/18	-	-	(13,897)	-	(13,897)	-	13,897
Extraordinary Aid	17-100-034-5120-473	15,548	7/1/16-6/30/17	(15,548)	15,548	-	-	-	-	-
On-Behalf TPAF Pension Contributions (Noncash Assistance)	18-495-034-5094-001	12,349	7/1/17-6/30/18	-	12,349	(12,349)	-	-	-	12,349
On-Behalf TPAF Post-Retirement Medical (Noncash Assistance)	18-495-034-5094-002	7,975	7/1/17-6/30/18	-	7,975	(7,975)	-	-	-	7,975
<b>Total General Fund</b>				(15,548)	696,194	(694,543)	-	(13,897)	60,566	694,543
<b>Total State Financial Assistance</b>				\$ (15,548)	\$ 696,194	\$ (694,543)	\$ -	\$ (13,897)	\$ 60,566	\$ 694,543
State Financial Assistance Programs not subject to Calculation for Major Program Determination:										
On-Behalf TPAF Pension Contributions (Noncash Assistance)	18-495-034-5094-001	\$			\$	12,349				
On-Behalf TPAF Post-Retirement Medical Contributions (Noncash Assistance)	18-495-034-5094-002					7,975				
<b>Total State Financial Assistance subject to Calculation for Major Program Determination</b>						\$ (674,219)				

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Washington Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

Revenues and expenditures reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2018.

**Note 3. Relationship to Basic Financial Statements**

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

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Note 3. Relationship to Basic Financial Statements (continued)**

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.* 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$229 for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 694,772	\$ 694,772
Special Revenue Fund	-	-	-
Food Service Fund	-	-	-
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ -</u>	<u>\$ 694,772</u>	<u>\$ 694,772</u>

**Note 4. Relationship to Federal and State Financial Reports**

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

**Note 5. Federal and State Loans Outstanding**

The Washington Township School District had no loan balances outstanding at June 30, 2018.





**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**State Financial Assistance**

**SECTION IS N/A - NOT REQUIRED**

Dollar threshold used to determine Type A programs \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

2) Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

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

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

Identification of major programs:

**State Grant/Project Number(s)**

**Name of State Program**

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Section II – Financial Statement Findings**

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

None.

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

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

**FEDERAL AWARDS**

N/A – Federal single audit not required

**STATE FINANCIAL ASSISTANCE**

N/A – State single audit not required

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

Financial Statement Findings

No Prior Year Findings.

Federal Awards

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

State Financial Assistance

No Prior Year Findings.