

**SCHOOL DISTRICT  
OF  
WASHINGTON TOWNSHIP**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2019**

**Comprehensive Annual  
Financial Report**

**of the**

**Washington Township School District**

**Long Valley, New Jersey**

**For the Fiscal Year Ended June 30, 2019**

**Prepared by**

**Washington Township School District  
Business Office**

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INTRODUCTORY SECTION

# Washington Township Board of Education

53 West Mill Road, Long Valley, NJ 07853

Phone: 908-876-4172

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*Jeffrey S. Mohre*  
Superintendent

*Liz George, CPA*  
Business Administrator

*Jolene R. Battitori*  
Assistant Superintendent

November 8, 2019

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

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report of the Washington Township School District (the "District") for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Washington Township Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction overview and analysis of the basic financial statements. It is intended to complement this letter of transmittal and should be read in conjunction with it.

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

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2018-19 fiscal year with an enrollment of 2,040 students, which is a decrease of 44 students from the previous year's enrollment.

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

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

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

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

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

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

The Honorable President and Members of  
the Board of Education  
Washington Township School District  
Page 3  
November 8, 2019

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2019.

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

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

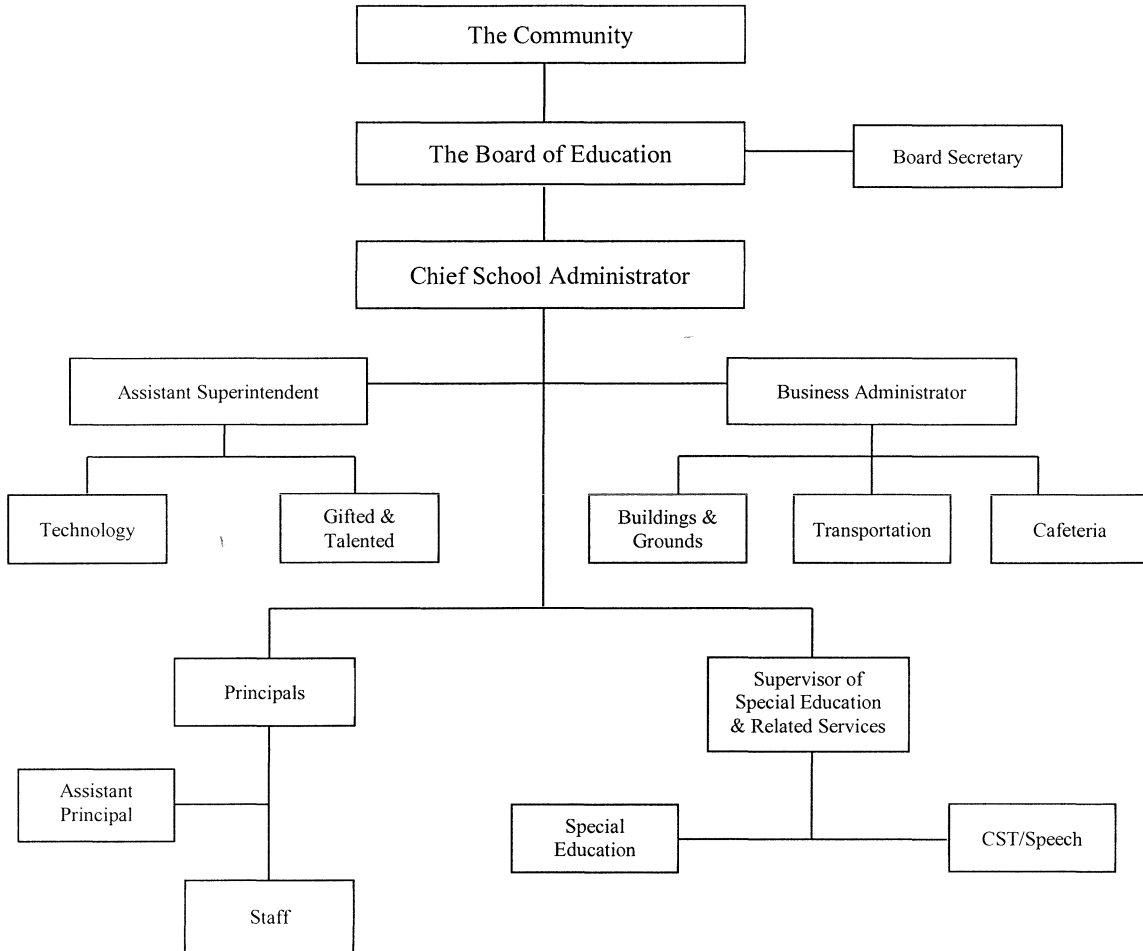
8) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Washington Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

Jeffrey S. Mohre  
Jeffrey S. Mohre  
Superintendent

Elizabeth George  
Elizabeth George, CPA  
Business Administrator/Board Secretary

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



**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kathleen Koop, President	2019
Michelle Munley, Vice President	2020
Carmine Capogrosso	2021
Laura- Ann Quinones	2020
Justin Kinney	2021
Kevin Daly	2019
Jose Lourenco	2021
Al DiGabriele	2020
John Gorman	2019

<u>Other Officers</u>	<u>Title</u>
Jeffrey S. Mohre	Superintendent of Schools
Elizabeth George, CPA	Board Secretary/School Business Administrator

**WASHINGTON TOWNSHIP SCHOOL DISTRICT**  
**Consultants and Advisors**

**Audit Firm**

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

and

Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

**Attorney**

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

**Official Depository**

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



FINANCIAL SECTION

## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Washington Township School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 8, 2019  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP



Francis Jones  
Licensed Public School Accountant #1154  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

## Management Discussion and Analysis (Unaudited)

This section of Washington Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

### *Overview of the Financial Statements*

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

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

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

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

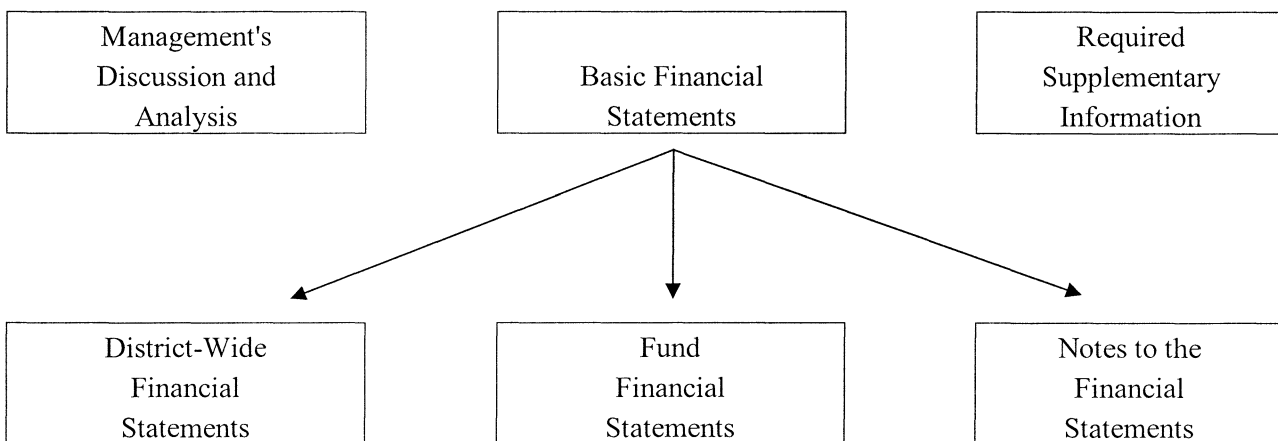


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

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

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

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

## ***District-wide Statements***

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

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

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

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

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

## ***Fund Financial Statements***

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

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

The District has three kinds of funds:

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



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

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

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

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

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

**Figure A-3  
Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2017/18*	2018/19	2017/18*	2018/19	2017/18*	2018/19	
<b>Assets:</b>							
Current and							
Other Assets	\$ 3,632,271	\$ 4,294,516	\$ (98,421)	\$ (81,828)	\$ 3,533,850	\$ 4,212,688	
Capital Assets, Net	42,486,179	41,075,784	46,014	31,390	42,532,193	41,107,174	
Total Assets	46,118,450	45,370,300	(52,407)	(50,438)	46,066,043	45,319,862	-1.62%
Deferred Outflows of Resources							
	5,152,015	3,715,142			5,152,015	3,715,142	-27.89%
<b>Liabilities:</b>							
Long-Term Liabilities	27,371,891	22,766,174			27,371,891	22,766,174	
Other Liabilities	1,497,017	1,443,577	23,808	25,750	1,520,825	1,469,327	
Total Liabilities	28,868,908	24,209,751	23,808	25,750	28,892,716	24,235,501	-16.12%
Deferred Inflows of Resources							
	3,432,579	5,181,715			3,432,579	5,181,715	50.96%
<b>Net Position:</b>							
Net Investment in							
Capital Assets	33,912,575	33,845,295	46,014	31,390	33,958,589	33,876,685	
Restricted	1,773,927	2,761,872			1,773,927	2,761,872	
Unrestricted/(Deficit)	(16,717,524)	(16,913,191)	(122,229)	(107,578)	(16,839,753)	(17,020,769)	
Total Net Position	\$ 18,968,978	\$ 19,693,976	\$ (76,215)	\$ (76,188)	\$ 18,892,763	\$ 19,617,788	3.84%

\* - Restated

*Changes in Net Position.* The District's *combined* net position was \$19,617,788 on June 30, 2019, \$725,025 or 3.84% more than it was the year before. (See Figure A-3). The depreciation factored into the net position of the District's governmental activities as a decrease is \$1,576,054. The net position of the business-type activities decreased \$27 (See Figure A-4).

**Figure A-4**

**Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/18*	2018/19	2017/18*	2018/19	2017/18*	2018/19	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,515,254	\$ 1,664,871	\$ 421,502	\$ 421,623	\$ 1,936,756	\$ 2,086,494	
Operating Grants and Contributions	24,574,950	24,839,254	90,019	85,853	24,664,969	24,925,107	
General Revenue:							
Property Taxes	34,958,480	36,027,369			34,958,480	36,027,369	
Not Restricted		507,398				507,398	
Other	234,027	521,701			234,027	521,701	
<b>Total Revenue</b>	<b>61,282,711</b>	<b>63,560,593</b>	<b>511,521</b>	<b>507,476</b>	<b>61,794,232</b>	<b>64,068,069</b>	<b>3.68%</b>
Expenses:							
Instruction	35,338,638	34,807,936			35,338,638	34,807,936	
Pupil and Instruction Services	11,590,228	12,281,173			11,590,228	12,281,173	
Administrative and Business	3,973,609	4,205,121			3,973,609	4,205,121	
Maintenance and Operations	4,801,893	5,396,298			4,801,893	5,396,298	
Transportation	5,176,744	5,590,077			5,176,744	5,590,077	
Other	435,624	355,362	514,122	507,449	949,746	862,811	
<b>Total Expenses</b>	<b>61,316,736</b>	<b>62,635,967</b>	<b>514,122</b>	<b>507,449</b>	<b>61,830,858</b>	<b>63,143,416</b>	<b>2.12%</b>
Other Item		(199,628)				(199,628)	
Increase/(Decrease) in Net Position	(34,025)	724,998	(2,601)	27	(36,626)	725,025	
Beginning Net Position	19,003,003	18,968,978	(73,614)	(76,215)	18,929,389	18,892,763	
Ending Net Position	<u>\$18,968,978</u>	<u>\$19,693,976</u>	<u>\$ (76,215)</u>	<u>\$ (76,188)</u>	<u>\$18,892,763</u>	<u>\$19,617,788</u>	<b>3.84%</b>

\* - Restated

***Governmental Activities***

The financial position of the District improved. Maintaining existing programs and the provision of a multitude of special programs and services for disabled students places great demands on the District's resources.

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

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

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

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

**Figure A-5**  
**Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2017/18	2018/19	2017/18	2018/19
Sources of Income:				
Instruction	\$ 35,338,638	\$ 34,807,936	\$ 16,221,200	\$ 16,036,042
Pupil and Instruction Services	11,590,228	12,281,173	8,587,282	8,948,940
Administrative and Business	3,973,609	4,205,121	2,771,529	2,933,361
Maintenance and Operations	4,801,893	5,396,298	3,844,329	4,366,231
Transportation	5,176,744	5,590,077	3,366,568	3,491,906
Other	435,624	355,362	435,624	355,362
	<u>\$ 61,316,736</u>	<u>\$ 62,635,967</u>	<u>\$ 35,226,532</u>	<u>\$ 36,131,842</u>

***Business-Type Activities***

Net position from the District's business-type activity increased by \$27. (Refer to Figure A-4). Factors contributing to this result were:

- Revenues exceeded expenses in food service fund by \$27

***Financial Analysis of the District's Funds***

The District's financial position improved despite significant changes in the student clientele and continued challenges from economic conditions as well as state and federal mandates. Expenditures related to special needs children have increased due to additional students requiring related services and material needs and the intensity as to which those services and materials are required to serve the individualized needs of the students. Salaries of staff have been increased by prior year negotiated agreements. Fund balance in the General Fund increased primarily as a result of conservative budgeting principles utilized by the District.

**Figure A-6**  
**Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	
Land	\$ 1,024,701	\$ 1,024,701			\$ 1,024,701	\$ 1,024,701	
Site Improvements, Buildings and Building Improvements, Furniture, Machinery and Equipment	41,461,478	40,051,083	\$ 46,014	\$ 31,390	41,507,492	40,082,473	
	<u>\$ 42,486,179</u>	<u>\$ 41,075,784</u>	<u>\$ 46,014</u>	<u>\$ 31,390</u>	<u>\$ 42,532,193</u>	<u>\$ 41,107,174</u>	-3.35%

***Long-term Liabilities***

At year-end, the District had \$6,375,000 in general obligation bonds outstanding – a reduction of \$1,205,000 from last year – as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 7 to the Basic Financial Statements.)

**Figure A-7**  
**Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	2017/18	2018/19	
Serial Bonds Payable	\$ 7,580,000	\$ 6,375,000	
Unamortized Bond Premium	396,717	330,598	
Capital Leases Payable	1,140,699	978,068	
Net Pension Liability	16,825,704	13,587,081	
Compensated Absences Payable	1,428,771	1,495,427	
	<u>\$ 27,371,891</u>	<u>\$ 22,766,174</u>	-16.83%

***Factors Bearing on the District’s Future Revenue/Expense Changes***

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

- The continued impact of S1701 legislation. S1701, adopted by the State of New Jersey on June 17, 2004, places limits on the District’s ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to appropriate available fund balance as needed, and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year has severely impacted our ability to maintain and improve our facilities. In addition, the limitation of unassigned fund balance to 2% of expenditures reduces the District’s ability to respond to emergent conditions and limits the use of fund balance in future budgets.
- Upon the passage of S2, the District was notified of anticipated reductions in State Aid due to previous declines in enrollment and the State not utilizing the State Aid Funding Formula for the apportioning of aid to local districts in prior years. As a result, there could be increased pressure to increase the local tax rate at the expense of cutting services.

***Contacting the District’s Financial Management***

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 74,548		\$ 74,548
Receivables from State Government	1,176,206	\$ 336	1,176,542
Receivables from Federal Government		4,245	4,245
Receivables from Other Governments	5,000		5,000
Other Receivables	190,113	22,118	212,231
Internal Balances	120,380	(120,380)	
Inventory		11,853	11,853
Restricted Cash and Cash Equivalents	2,728,269		2,728,269
Capital Assets:			
Sites (Land) and Construction in Progress	1,024,701		1,024,701
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	40,051,083	31,390	40,082,473
Total Assets	<u>45,370,300</u>	<u>(50,438)</u>	<u>45,319,862</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding	453,177		453,177
Deferred Outflows Related to Pensions	3,261,965		3,261,965
Total Deferred Outflows of Resources	<u>3,715,142</u>		<u>3,715,142</u>
<b>LIABILITIES</b>			
Accounts Payable	938,289		938,289
Accounts Payable - Cash Deficit	425,740		425,740
Unearned Revenue	79,548	25,750	105,298
Noncurrent Liabilities:			
Due Within One Year	1,731,693		1,731,693
Due Beyond One Year	21,034,481		21,034,481
Total Liabilities	<u>24,209,751</u>	<u>25,750</u>	<u>24,235,501</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	5,181,715		5,181,715
Total Deferred Inflows of Resources	<u>5,181,715</u>		<u>5,181,715</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	33,845,295	31,390	33,876,685
Restricted for:			
Capital Projects	2,728,269		2,728,269
Other Purposes	33,603		33,603
Unrestricted/(Deficit)	(16,913,191)	(107,578)	(17,020,769)
Total Net Position/(Deficit)	<u>\$ 19,693,976</u>	<u>\$ (76,188)</u>	<u>\$ 19,617,788</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 23,249,255	\$ 26,238	\$ 13,021,147	\$ (10,201,870)		\$ (10,201,870)
Special Education	9,760,735		5,355,352	(4,405,383)		(4,405,383)
Other Special Instruction	1,413,149		249,635	(1,163,514)		(1,163,514)
School Sponsored/Other Instruction	384,797		119,522	(265,275)		(265,275)
Support Services:						
Tuition	1,524,562		490,000	(1,034,562)		(1,034,562)
Student & Instruction Related Services	10,756,611		2,842,233	(7,914,378)		(7,914,378)
General Administrative Services	981,500		214,831	(766,669)		(766,669)
School Administrative Services	2,253,681		758,462	(1,495,219)		(1,495,219)
Central Services	965,398		298,467	(666,931)		(666,931)
Administrative Information Technology	4,542			(4,542)		(4,542)
Plant Operations and Maintenance	5,396,298		1,030,067	(4,366,231)		(4,366,231)
Pupil Transportation	5,590,077	1,638,633	459,538	(3,491,906)		(3,491,906)
Interest on Long-Term Debt	306,314			(306,314)		(306,314)
Transfer to Charter School	49,048			(49,048)		(49,048)
Total Governmental Activities	62,635,967	1,664,871	24,839,254	(36,131,842)	\$ -0-	(36,131,842)
Business-Type Activities:						
Food Service	507,449	421,623	85,853		27	(27)
Total Business-Type Activities	507,449	421,623	85,853		27	(27)
Total Primary Government	\$ 63,143,416	\$ 2,086,494	\$ 24,925,107	\$ (36,131,842)	\$ 27	\$ (36,131,869)



WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
	<b>Net (Expense) Revenue and Changes in Net Position</b>		
General Revenues and Other Items:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 34,582,119		\$ 34,582,119
Taxes Levied for Debt Service	1,445,250		1,445,250
Federal and State Aid not Restricted	507,398		507,398
Miscellaneous Income	521,701		521,701
Other Items:			
Cancellation of SDA Grant Receivable	(199,628)		(199,628)
Total General Revenue and Other Items	36,856,840		36,856,840
Change in Net Position	724,998	\$ 27	725,025
Net Position/(Deficit) - Beginning (Restated)	18,968,978	(76,215)	18,892,763
Net Position/(Deficit) - Ending	\$ 19,693,976	\$ (76,188)	\$ 19,617,788

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

FUND FINANCIAL STATEMENTS

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents		\$ 74,548		\$ 74,548
Receivables From State Government	\$ 668,808		\$ 507,398	1,176,206
Receivables From Other Government		5,000		5,000
Interfund Receivable	1,195,283			1,195,283
Other Receivables	9,485			9,485
Restricted Cash and Cash Equivalents	2,728,269			2,728,269
<b>Total Assets</b>	<u>\$ 4,601,845</u>	<u>\$ 79,548</u>	<u>\$ 507,398</u>	<u>\$ 5,188,791</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable - Vendors	\$ 184,643			\$ 184,643
Accounts Payable - Cash Deficit	425,740			425,740
Interfund Payable			\$611,158	611,158
Unearned Revenue		\$ 79,548		79,548
<b>Total Liabilities</b>	<u>610,383</u>	<u>79,548</u>	<u>611,158</u>	<u>1,301,089</u>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Capital Reserve Account	2,728,269			2,728,269
Excess Surplus				
Subsequent Year's Expenditures	33,603			33,603
<b>Assigned:</b>				
Subsequent Year's Expenditures	677,213			677,213
Year-end Encumbrances	148,169			148,169
Unassigned/(Deficit)	404,208		(103,760)	300,448
<b>Total Fund Balances/(Deficit)</b>	<u>3,991,462</u>		<u>(103,760)</u>	<u>3,887,702</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,601,845</u>	<u>\$ 79,548</u>	<u>\$ 507,398</u>	<u>\$ 5,188,791</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

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

Fund Balance of Governmental Funds	\$ 5,188,791
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	41,075,784
Internal service funds are used by management to charge the costs of transportation and health benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.	(412,874)
The deferred amount on the refunding is reported as an expenditure in the Governmental Funds in the year of expenditure.	453,177
Premium on Bond Issuance is reported as a revenue in the Governmental Funds.	(330,598)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(13,587,081)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows - Pensions	2,638,076
Deferred Inflows - Pensions	(5,181,715)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(8,848,495)</u>
Net Position of Governmental Activities	<u><u>\$ 19,693,976</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 34,582,119			\$ 1,445,250	\$ 36,027,369
Miscellaneous	547,939	\$ 80,461			628,400
Total - Local Sources	<u>35,130,058</u>	<u>80,461</u>		<u>1,445,250</u>	<u>36,655,769</u>
State Sources	15,113,350		\$ 507,398		15,620,748
Federal Sources		604,362			604,362
Total Revenue	<u>50,243,408</u>	<u>684,823</u>	<u>507,398</u>	<u>1,445,250</u>	<u>52,880,879</u>
EXPENDITURES:					
Current:					
Regular Instruction	12,139,629	131,127			12,270,756
Special Education Instruction	4,907,338	27,215			4,934,553
Other Special Instruction	1,030,861				1,030,861
School Sponsored/Other Instruction	201,763				201,763
Support Services and Undistributed Costs:					
Tuition	1,034,562	490,000			1,524,562
Student & Instruction Related Services	5,545,826	36,481			5,582,307
General Administrative Services	615,164				615,164
School Administrative Services	1,191,732				1,191,732
Central Services	508,331				508,331
Administrative Information Technology	4,542				4,542
Plant Operations and Maintenance	3,688,161				3,688,161
Pupil Transportation	3,702,853				3,702,853
Unallocated Benefits	14,974,191				14,974,191

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES (Cont'd):					
Debt Service:					
Principal				\$ 1,205,000	\$ 1,205,000
Interest and Other Charges	\$ 49,048			240,250	240,250
Transfer to Charter School	50,410				49,048
Capital Outlay					50,410
Total Expenditures	<u>49,644,411</u>	<u>\$ 684,823</u>		<u>1,445,250</u>	<u>51,774,484</u>
Excess/(Deficiency) of Revenue over Expenditures	598,997		\$ 507,398		1,106,395
OTHER FINANCING SOURCES/(USES):					
Transfers	(37,724)		37,724		
Cancellation of SDA Grant Receivable			(199,628)		(199,628)
Total Other Financing Sources/(Uses)	<u>(37,724)</u>		<u>(161,904)</u>		<u>(199,628)</u>
Net Change in Fund Balances	561,273		345,494		906,767
Fund Balance/(Deficit)—July 1 (Restated)	<u>3,430,189</u>		<u>(449,254)</u>		<u>2,980,935</u>
Fund Balance/(Deficit)—June 30	<u>\$ 3,991,462</u>	<u>\$ -0-</u>	<u>\$ (103,760)</u>	<u>\$ -0-</u>	<u>\$ 3,887,702</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	906,767
Total Net Change in Fund Balances - Internal Service Funds prior to depreciation expense (from B-5)		428,297
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation in the period.		
In the Statement of Activities, the inclusion of internal service fund activity results in the elimination of an Other Financing Source for a transfer in from an internal service fund.		
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
The governmental funds report the effect of the refunding of debt when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (-)		
The governmental funds report the effect of bond premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (+)		
		(1,410,395)
		(511,104)
		(66,656)
		(90,635)
		66,119

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, 2019

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

Change in Net Pension Liability	\$ 3,238,623
Change in Deferred Outflows	(1,454,513)
Change in Deferred Inflows	(1,749,136)
Capital leases entered into by the District are an other financing source in the governmental funds, but the acquisition increases long-term increases long-term liabilities in the statement of net position and is not reported in the statement of activities.	(409,917)

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

Change in Net Position of Governmental Activities (Exhibit A-2)	<u>1,777,548</u> <u>\$ 724,998</u>
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT



WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds Food Service	Governmental Activities - Internal Service Funds
<u>ASSETS:</u>		
Current Assets:		
Accounts Receivable:		
State	\$ 336	
Federal	4,245	
Other Receivables	22,118	\$ 180,628
Inventories	11,853	
	38,552	180,628
Total Current Assets		
Non-Current Assets:		
Capital Assets	369,526	5,427,257
Less: Accumulated Depreciation	(338,136)	(3,050,270)
	31,390	2,376,987
Total Non-Current Assets		
Total Assets	69,942	2,557,615
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable - Vendors		129,757
Interfund Payable - General Fund	120,380	463,745
Unearned Revenue	25,750	
	146,130	593,502
Total Current Liabilities		
Long Term Liabilities:		
Capital Leases Payable:		
Due Within One Year		375,902
Due Beyond One Year		501,912
		877,814
Total Long-Term Liabilities		
Total Liabilities	146,130	1,471,316
<u>NET POSITION:</u>		
Net Investment in Capital Assets	31,390	1,499,173
Unrestricted/(Deficit)	(107,578)	(412,874)
Total Net Position/(Deficit)	\$ (76,188)	\$ 1,086,299

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Food Service</u>	
Operating Revenue:		
Local Sources:		
Daily Sales - Reimbursable Programs:		
School Lunch Program	\$ 239,902	
Daily Sales - Non-Reimbursable Programs	181,721	
Charges and Fees		\$ 4,708,006
	<u>421,623</u>	<u>4,708,006</u>
Total Operating Revenue		
	<u>421,623</u>	<u>4,708,006</u>
Operating Expenses:		
Cost of Sales - Reimbursable Programs	94,143	
Cost of Sales - Non-Reimbursable Programs	59,020	
Salaries, Benefits and Payroll Taxes	223,104	3,381,657
Professional and Technical Services	85,719	114,482
Supplies and Repairs	30,839	13,035
Depreciation Expense	14,624	474,815
Maintenance		754,547
	<u>507,449</u>	<u>4,738,536</u>
Total Operating Expenses		
	<u>507,449</u>	<u>4,738,536</u>
Operating Loss	<u>(85,826)</u>	<u>(30,530)</u>
Non-Operating Revenue/(Expense):		
Interest Expense on Capital Leases		(15,988)
State Sources:		
State School Lunch Program	4,155	
Federal Sources:		
National School Lunch Program	52,186	
Food Distribution Program	29,512	
	<u>85,853</u>	<u>(15,988)</u>
Total Non-Operating Revenue/(Expense)		
	<u>85,853</u>	<u>(15,988)</u>
Change in Net Position	27	(46,518)
Net Position/(Deficit) - Beginning of Year	<u>(76,215)</u>	<u>1,132,817</u>
Net Position/(Deficit) - End of Year	<u>\$ (76,188)</u>	<u>\$ 1,086,299</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
	Food Service	
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 405,300	\$ 4,667,917
Payments to Food Service Vendor	(455,079)	
Payments to Suppliers	(7,302)	(4,140,825)
Net Cash Provided by / (Used for) Operating Activities	(57,081)	527,092
Cash Flows from Capital Financing Activities:		
Interest Expense on Capital Leases		(15,988)
Capital Assets Purchases		(38,104)
Capital Lease Payments		(473,000)
Net Cash (Used for) Capital Financing Activities		(527,092)
Cash Flows from Noncapital Financing Activities:		
Cash Received from Federal and State Sources	57,081	
Net Cash Provided by Noncapital Financing Activities	57,081	
Net Increase in Cash and Cash Equivalents	-0-	-0-
Cash and Cash Equivalents, July 1	-0-	-0-
Cash and Cash Equivalents, June 30	\$ -0-	\$ -0-
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used) for Operating Activities:		
Operating Income/(Loss):	\$ (85,826)	\$ (30,530)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used) for Operating Activities:		
Depreciation	14,624	474,815
Federal Food Distribution Program	29,512	
Changes in Assets and Liabilities:		
(Increase)/Decrease in Inventory	(2,931)	
(Increase)/Decrease in Accounts Receivable	(4,809)	(40,089)
Increase/(Decrease) in Accounts Payable		99,451
Increase/(Decrease) in Unearned Revenue	1,942	
Increase/(Decrease) in Interfund Payable	(9,593)	23,445
Net Cash Provided by/Used for Operating Activities	\$ (57,081)	\$ 527,092

Non-Cash Investing, Capital and Financing Activities:

The Food Service Fund received USDA donated commodities valued at \$30,813 and used \$29,512 commodities valued at during the fiscal year.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019

	<u>Agency Funds</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 273,423	\$ 8,586	\$ 619,486
Interfund Receivable			15,184
Total Assets	<u>273,423</u>	<u>8,586</u>	<u>634,670</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	223,050		
Interfund Payable	15,184		
Due to Student Groups	35,189		
Total Liabilities	<u>273,423</u>		
<u>NET POSITION:</u>			
Held in Trust for:			
Unemployment Claims			634,670
Flexible Spending Claims		8,586	
Total Net Position	<u>\$ -0-</u>	<u>\$ 8,586</u>	<u>\$ 634,670</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 63,730	\$ 41,422
	<u>63,730</u>	<u>41,422</u>
Total Additions		
DEDUCTIONS:		
Flexible Spending Claims	61,680	
Unemployment Compensation Claims		18,929
	<u>61,680</u>	<u>18,929</u>
Total Deductions		
Change in Net Position	2,050	22,493
Net Position - Beginning of the Year	<u>6,536</u>	<u>612,177</u>
Net Position - End of the Year	<u>\$ 8,586</u>	<u>\$ 634,670</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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

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

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

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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



WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2019 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)\1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 50,196,736	\$ 691,423
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the related Revenue is Recognized.		(6,600)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	795,112	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(748,440)	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 50,243,408	\$ 684,823
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Differences - Budget to GAAP		
Budgetary Comparison Schedule	\$ 49,644,411	\$ 691,423
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		(6,600)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 49,644,411	\$ 684,823
		Capital Projects Fund
Fund Balance - Budgetary Basis		\$ -0-
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable not Recognized on GAAP Basis		(103,760)
Fund Balance per Governmental Funds (GAAP)		\$ (103,760)

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

E. Cash and Cash Equivalents, and Investments:

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

K. Capital Assets:

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

K. Capital Assets: (Cont'd)

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2019.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

O. Net unearned revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$3,991,462 General Fund fund balance at June 30, 2019, \$148,169 is assigned for encumbrances; \$33,603 is excess surplus for fiscal year 2020; \$2,728,269 is restricted in the capital reserve account; \$677,213 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020; and \$404,208 is unassigned, which is \$748,440 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2019.

Capital Projects Fund: Capital Projects Fund fund balance at June 30, 2019 is \$0, which is \$103,760 less on a GAAP basis, due to the SDA Grants not being realized until expenditures are submitted for reimbursement.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2019 as noted above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$748,440 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position

The District has a deficit in unrestricted and total net position in the food service fund and business type activities. This was mostly the result of the deficit in operations in prior years. The District has negotiated a contract with its Food Service Management Company which guarantees a profit for future contract years which will offset the deficit in net position over time.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

Q. Deficit Net Position (Cont'd)

The District has a deficit in unrestricted net position of \$16,913,191 in governmental activities, which is primarily due to the net pension liability and deferred inflows and outflows related to pensions. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

The District has a deficit in unrestricted net position of \$107,578 in business-type activities due to the deficit in the food service fund, which was caused by operating activities in a prior year.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2019 related to pensions, and the District had deferred outflows of resources at June 30, 2019 related to pensions and the deferred amount on the refunding of school bonds.

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2019.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2019.

T. Revenue - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses:

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



WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

V. Management Estimates:

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

Investments: (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

Investments: (Cont'd)

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

	Cash and Cah Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 976,043	\$ 2,728,269	\$3,704,312

During the period ended June 30, 2019, the District did not hold any investments. The carrying amount of cash and cash equivalents at June 30, 2019 for governmental activities consisted of \$976,043 of cash and restricted cash of \$2,728,269. The bank balance was \$3,889,362.09.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 1,640,411
Plus: Interest	10,000
Plus: Transfer from Capital Projects - Unexpended Balances	36,108
Plus: Board Resolution	1,041,750
Ending Balance, June 30, 2019	\$ 2,728,269

The June 30, 2019 LRFP balance of local support costs of uncompleted capital projects at June 30, 2019 is equal to or greater than \$2,728,269.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2019, the District transferred \$8,862 to the capital outlay accounts for purchases of equipment, which did not require County Superintendent approval.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
 (Continued)

NOTE 6: CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,024,701			\$ 1,024,701
Total Capital Assets Not Being Depreciated	<u>1,024,701</u>			<u>1,024,701</u>
Capital Assets Being Depreciated:				
Site Improvements	1,719,020			1,719,020
Buildings and Building Improvements	57,627,411			57,627,411
Machinery and Equipment	6,894,145	\$ 165,659	\$ (62,502)	6,997,302
Total Capital Assets Being Depreciated	<u>66,240,576</u>	<u>165,659</u>	<u>(62,502)</u>	<u>66,343,733</u>
Governmental Activities Capital Assets	<u>67,265,277</u>	<u>165,659</u>	<u>(62,502)</u>	<u>67,368,434</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,719,020)			(1,719,020)
Buildings and Building Improvements	(18,699,471)	(1,339,882)		(20,039,353)
Machinery and Equipment	(4,360,607)	(236,172)	62,502	(4,534,277)
	<u>(24,779,098)</u>	<u>(1,576,054)</u>	<u>62,502</u>	<u>(26,292,650)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 42,486,179</u>	<u>\$ (1,410,395)</u>	<u>\$ -0-</u>	<u>\$ 41,075,784</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 372,126		\$ (2,600)	\$ 369,526
Less: Accumulated Depreciation	(326,112)	\$ (14,624)	2,600	(338,136)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 46,014</u>	<u>\$ (14,624)</u>	<u>\$ -0-</u>	<u>\$ 31,390</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 122,144
Student and Instruction Related Services	740,745
Operations and Maintenance of Plant	110,324
General Administration	31,521
Transportation	571,320
	<u>\$ 1,576,054</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	Balance 6/30/2018	Accrued	Retired	Balance 6/30/2019
Serial Bonds Payable	\$ 7,580,000		\$ 1,205,000	\$ 6,375,000
Compensated Absences Payable	1,428,771	\$ 149,263	82,607	1,495,427
Unamortized Bond Issuance Premium	396,717		66,119	330,598
Net Pension Liability	16,825,704		3,238,623	13,587,081
Capital Leases Payable	1,140,699	409,917	572,548	978,068
	<u>\$27,371,891</u>	<u>\$ 559,180</u>	<u>\$5,164,897</u>	<u>\$ 22,766,174</u>

The District has entered into capital leases totaling \$3,099,571 for machinery and equipment of which \$2,121,503 has been liquidated as of June 30, 2019. In 2003, the District issued bonds for the construction of a new school and renovations to the other district schools in the amount of \$19,100,300. These bonds were refunded in 2010.

A. Unamortized Bond Premium:

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$66,119 and is separated from the long-term liability balance of \$264,479.

B. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2019 as follows:

Purpose	Final Maturity Date	Interest Rate	Amount
Refunding of 2003 Bonds	7/15/2023	3.00% - 4.00%	\$ 6,375,000

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

B. Bonds Payable: (Cont'd)

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

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,240,000	\$ 191,350	\$ 1,431,350
2021	1,250,000	141,550	1,391,550
2022	1,320,000	96,750	1,416,750
2023	1,350,000	56,700	1,406,700
2024	1,215,000	18,225	1,233,225
	<u>\$ 6,375,000</u>	<u>\$ 504,575</u>	<u>\$ 6,879,575</u>

C. Bonds Authorized But Not Issued

As of June 30, 2019, the Board does not have bonds authorized but not issued.

D. Capital Leases Payable:

As of June 30, 2019, the Board had capital leases payable for the acquisition of buses with a total asset value of \$2,332,787. The capital lease terms are for five years for buses. As of June 30, 2019, the District also had capital leases for the purchase of technology equipment. The amount of the leases for the technology equipment is \$878,687 and the capital lease terms are for three years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2019.

<u>Year</u>	<u>Amount</u>
2020	\$ 447,438
2021	349,988
2022	136,521
2023	87,358
	<u>1,021,305</u>
Less: Amount representing interest	<u>(43,237)</u>
Present value of net minimum lease payments	<u>\$ 978,068</u>

The current portion of Capital Leases payable at June 30, 2019 is \$375,902 and the long-term portion is \$602,166. Capital leases will be liquidated through the general and internal service funds. As of June 30, 2019, the General Fund had \$100,254 and the Transportation Fund had \$877,814 in capital leases payable.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$15,000 and is separated from the long-term liability balance of compensated absences of \$1,480,427. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019, no liability existed for compensated absences in the Food Service Fund.

Compensated absences will be liquidated from the General Fund.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long-term portion is \$13,587,081. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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



WASHINGTON TOWNSHIP SCHOOL DISTRICT  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$518,067 for fiscal year 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the District reported a liability of \$13,587,081 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0723%, which was an increase of 0.0005% from its proportion measured as of June 30, 2017.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
 (Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$669,600. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 107,543	
	2015	5.72	485,382	
	2016	5.57	1,646,001	
	2017	5.48		\$ (2,504,675)
	2018	5.63		(1,839,750)
			2,238,926	(4,344,425)
Changes in Proportion	2014	6.44		(32,582)
	2015	5.72	22,555	
	2016	5.57	50,273	
	2017	5.48	67,214	
	2018	5.63		(607,201)
			140,042	(639,783)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00		
	2015	5.00		82,103
	2016	5.00		458,992
	2017	5.00		(413,116)
	2018	5.00		(255,426)
				(127,447)
Difference Between Expected and Actual Experience	2015	5.72	134,668	
	2016	5.57	49,952	
	2017	5.48	74,489	
	2018	5.63		(70,059)
			259,109	(70,059)
District Contribution Subsequent to the Measurement Date	2018	1.00	543,970	
			\$ 4,608,204	\$ 3,432,580

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2019	\$ 94,301
2020	(130,562)
2021	(936,233)
2022	(811,541)
2023	(259,866)
	\$ 523,187

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	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%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
 (Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2018 are summarized in the table on the following page.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 17,084,189	\$ 13,587,081	\$ 10,653,231

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided

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

<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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a 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 members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

the fiscal year ended 2019, the State of New Jersey contributed \$1,643,066 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$6,690,589.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$114,768,274. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.180%, which was an increase of 0.0065% from its proportion measured as of June 30, 2017.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>114,768,274</u>
Total	\$	<u><u>114,768,274</u></u>

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$6,690,586 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	8.5	\$ 1,076,424,469	
	2015	8.3	3,063,649,492	
	2016	8.3	6,913,685,892	
	2017	8.3		\$ 10,084,192,916
	2018	8.29		5,994,557,085
			<u>11,053,759,853</u>	<u>16,078,750,001</u>
Difference Between Expected and Actual Experience	2014	8.5		10,252,211
	2015	8.3	189,214,650	
	2016	8.3		85,977,601
	2017	8.3	179,419,108	
	2018	8.29	1,051,605,259	
			<u>1,420,239,017</u>	<u>96,229,812</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5		(192,642,062)
	2016	5		(863,710,381)
	2017	5		678,024,787
	2018	5		384,121,486
				<u>5,793,830</u>
			<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	<u>\$ (3,706,774,773)</u>



WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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 pension plan investments (7.00% at June 30, 2018) 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, 2018 are summarized in the table on the following page.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on pension 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.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 135,653,921	\$ 114,768,274	\$ 97,454,582

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$57,489 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$78,294 for the year ended June 30, 2019.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has not experienced any insurance settlements that have exceeded coverage for any of the previous three fiscal years. The District maintains commercial coverage for property, liability, student accident, and surety bonds. The District has maintained consistent coverage in these areas from the prior year. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

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

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

The 2019 financial information for the group was not available as of the release of this audit. Selected summarized financial information for the Group as of June 30, 2018 is as follows:

Total Assets	<u>\$ 10,087,866</u>
Net Postion	<u>\$ 7,503,025</u>
Total Revenue	<u>\$ 3,384,095</u>
Total Expenses	<u>\$ 1,932,089</u>
Change in Net Position	<u>\$ 490,233</u>
Member Dividends	<u>\$ 961,773</u>

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

Group:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ -0-	\$ -0-	\$ 41,422	\$ 18,929	\$ 634,670
2017-2018	-0-	-0-	28,294	74,887	612,177
2016-2017	-0-	-0-	43,449	53,831	658,770

NOTE 10. ECONOMIC DEPENDENCY

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

NOTE 11. INTERFUNDS PAYABLES, RECEIVABLES, AND TRANSFERS

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,195,283	
Capital Projects Fund		\$ 611,158
Enterprise Fund		120,380
Internal Service Fund		463,745
Payroll Agency Fund		15,184
Unemployment Trust Fund	15,184	
	<u>\$ 1,210,467</u>	<u>\$ 1,210,467</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 12. DEFERRED COMPENSATION

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

VALIC	Fidelity Investments
Equitable Financial Companies	Lincoln Investment Planning

NOTE 13. TAX CALENDAR

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

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

NOTE 14. CONTINGENT LIABILITY

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2019, there were encumbrances as detailed below in the governmental funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Vendors	\$ 148,169	\$ 6,600	\$ 154,769

On the District's Governmental Fund Balance Sheet as of June 30, 2019, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, actual encumbrances of \$6,600 are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 14. CONTINGENT LIABILITY (Cont'd)

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its \$19,100,300 School Bonds dated July 15, 2003. The amount of the liability at June 30, 2019, if any, is unknown.

NOTE 15. ACCOUNTS PAYABLE

Payables as of June 30, 2019 were as follows:

	General Fund	District Contri- bution Subsequent to the Measure- ment Date	Internal Service Fund	Total Governmental Activities
Vendors	\$ 184,643		\$ 129,757	\$ 314,400
State of New Jersey		\$ 623,889		623,889
	<u>\$ 184,643</u>	<u>\$ 623,889</u>	<u>\$ 129,757</u>	<u>\$ 938,289</u>

NOTE 16. OTHER ACCOUNTS RECEIVABLE

Other accounts receivable as of June 30, 2019 were as follows:

	General Fund	Internal Service Fund	Total Governmental Activities
Miscellaneous	\$ 9,485		\$ 9,485
Transportation Services		\$ 180,628	180,628
	<u>\$ 9,485</u>	<u>\$ 180,628</u>	<u>\$ 190,113</u>

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education 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 GASB Codification Section P50. The State Health Benefits 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 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 years or more 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, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	<u>217,131</u>
Total	<u><u>362,181</u></u>



WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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.

Actuarial Assumptions and Other Inputs

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.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven 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 rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ 102,449,668
Changes for Year:	
Service Cost	3,186,988
Interest on the Total OPEB Liability	3,742,083
Changes of Assumptions	(9,948,585)
Difference between Expected and Actual Experiences	(10,497,975)
Gross Benefit Payments by the State	(2,318,170)
Contributions from Members	80,120
Net Changes	(15,755,539)
Balance at June 30, 2018	\$ 86,694,129

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)  
(Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (278%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the District	\$ 102,490,108	\$ 86,694,129	\$ 74,137,957

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 71,657,747	\$ 86,694,129	\$ 106,580,320

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$3,257,865 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (10,530,465)
Changes in Assumptions	2018	9.51		(8,902,467)
			<u>-0-</u>	<u>(19,432,932)</u>
Differences Between Expected and Actual Experience	2018	9.51		(8,415,601)
Changes in Proportion	N/A	N/A		(1,703,884)
			<u>\$ -0-</u>	<u>\$ (29,552,417)</u>

N/A - Not Available

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2018	\$ (3,431,639)
2019	(3,431,639)
2020	(3,431,639)
2021	(3,431,639)
2022	(3,431,639)
Thereafter	<u>(10,690,338)</u>
	<u>\$ (27,848,533)</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

NOTE 18. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the Fund Financial Statements and the District Wide Financial Statements to correct the amount of the SDA grant receivable recorded.

	Balance 6/30/18 as Previously Reported	Retroactive Adjustments	Balance 6/30/18 as Restated
	<u>          </u>	<u>          </u>	<u>          </u>
Capital Projects Fund:			
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis:			
Fund Balance - End of Year	\$ 386,479	\$ (224,575)	\$ 161,904
 Balance Sheet - Governmental Funds			
Capital Projects Fund:			
Receivables from State Government	1,026,888	(827,260)	199,628
Total Assets	1,026,888	(827,260)	199,628
 Fund Balances:			
Restricted:			
Capital Projects Fund	99,913	(99,913)	-0-
Committed:			
Capital Projects Fund	278,093	(278,093)	-0-
Unrestricted/(Deficit)	(15,890,264)	(449,254)	(16,339,518)
Total Fund Balances/(Deficit)	19,796,238	(827,260)	18,968,978
 <u>Statement of Net Position:</u>			
<u>Governmental Activities:</u>			
Statement of Net Position:			
Assets:			
Receivables from State Government	1,795,198	(827,260)	967,938
Total Assets	46,945,710	(827,260)	46,118,450
 Net Position:			
Unrestricted/(Deficit)	(15,890,264)	(827,260)	(16,717,524)
Total Net Position	19,796,238	(827,260)	18,968,978

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0708566496%	0.0712462883%	0.0717948283%	0.0722803232%	0.0690067284%
District's proportionate share of the net pension liability	\$ 13,266,303	\$ 15,993,364	\$ 21,263,569	\$ 16,825,704	\$ 10,790,165
District's covered employee payroll	\$ 4,881,865	\$ 4,735,500	\$ 4,653,741	\$ 4,841,226	\$ 4,513,560
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	271.75%	337.73%	456.91%	347.55%	239.06%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 477,117	\$ 504,167	\$ 637,815	\$ 669,600	\$ 686,394
Contributions in relation to the contractually required contribution	<u>(477,117)</u>	<u>(504,167)</u>	<u>(637,815)</u>	<u>(669,600)</u>	<u>(686,394)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 4,881,865	\$ 4,881,865	\$ 4,735,500	\$ 4,653,741	\$ 4,841,226
Contributions as a percentage of covered employee payroll	9.77%	10.33%	13.47%	14.39%	14.18%

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



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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.181799816%	0.177987580%	0.179466823%	0.173585978%	0.180402624%
State's proportionate share of the net pension liability attributable to the District	\$ 97,166,085	\$ 112,495,751	\$ 141,179,987	\$ 117,037,926	\$ 114,768,274
District's covered employee payroll	\$ 18,101,307	\$ 17,501,370	\$ 18,141,947	\$ 18,974,959	\$ 18,456,800
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	536.79%	642.78%	778.20%	616.80%	621.82%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 5,228,448	\$ 6,868,878	\$ 10,607,712	\$ 10,607,712
Contributions in relation to the contractually required contribution	<u>(926,266)</u>	<u>(1,436,881)</u>	<u>(1,884,230)</u>	<u>(2,656,694)</u>
Contribution deficiency/(excess)	<u>\$ 4,302,182</u>	<u>\$ 5,431,997</u>	<u>\$ 8,723,482</u>	<u>\$ 7,951,018</u>
District's covered employee payroll	\$ 18,101,307	\$ 17,501,370	\$ 18,141,947	\$ 18,974,959
Contributions as a percentage of covered employee payroll	5.12%	8.21%	10.39%	14.00%
				19.22%

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

WASHINGTON TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL  
OPEB LIABILITY ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS  
LAST TWO FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,	
	2017	2018
Service Cost	\$ 3,823,165	3,186,988
Interest Cost	3,228,815	3,742,083
Differences between Expected and Actual Experience		(10,497,975)
Changes in Assumptions	(12,920,089)	(9,948,585)
Member Contributions	87,378	80,120
Gross Benefit Payments	(2,372,952)	(2,318,170)
Net Change in Total OPEB Liability	(8,153,683)	(15,755,539)
Total OPEB Liability - Beginning	110,603,351	102,449,668
Total OPEB Liability - Ending	\$ 102,449,668	\$ 86,694,129
District's Covered Employee Payroll *	\$ 22,795,688	\$ 23,816,185
Total OPEB Liability as a Percentage of Covered Employee Payroll	449%	364%

\* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

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

Changes of Actuarial Assumptions (Cont'd)

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

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 MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health 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 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

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 rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term 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.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven 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.

BUDGETARY COMPARISON SCHEDULES

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 34,582,119		\$ 34,582,119	\$ 34,582,119	\$ 26,238
Tuition	500		500	10,000	9,500
Interest on Investments - Capital Reserve	39,500		39,500	157,593	118,093
Miscellaneous	137,000		137,000	354,108	217,108
<b>Total - Local Sources</b>	<b>34,759,119</b>		<b>34,759,119</b>	<b>35,130,058</b>	<b>370,939</b>
State Sources:					
Categorical Special Education Aid	1,591,751		1,591,751	1,591,751	
Categorical Transportation Aid	899,211	\$ (441,704)	457,507	457,507	
Equalization Aid	5,580,975		5,580,975	5,580,975	
Categorical Security Aid	176,840		176,840	176,840	
Extraordinary Aid				577,858	577,858
Extraordinary Aid - Prior Year Excess				2,663	2,663
NonPublic Transportation Aid				17,400	17,400
On-Behalf TPAF Pension Contributions (Non-Budgeted)				3,548,023	3,548,023
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				74,269	74,269
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,643,066	1,643,066
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				2,813	2,813
TPAF Social Security (Reimbursed - Non-Budgeted)				1,393,513	1,393,513
<b>Total State Sources</b>	<b>8,248,777</b>	<b>(441,704)</b>	<b>7,807,073</b>	<b>15,066,678</b>	<b>7,259,605</b>
Federal Sources:					
Federal Aid	14,639		14,639		(14,639)
<b>TOTAL REVENUES</b>	<b>43,022,535</b>	<b>(441,704)</b>	<b>42,580,831</b>	<b>50,196,736</b>	<b>7,615,905</b>



WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 743,549	\$ (59,324)	\$ 684,225	\$ 684,125	\$ 100
Grades 1-5 - Salaries of Teachers	5,383,589	(117,815)	5,265,774	5,265,773	1
Grades 6-8 - Salaries of Teachers	4,937,894	(123,515)	4,814,379	4,806,066	8,313
Regular Programs - Home Instruction:					
Salaries of Teachers	8,000	10,865	18,865	18,865	
Other Purchased Services	16,000	11,030	27,030	27,029	1
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	184,464	3,286	187,750	185,736	2,014
Other Purchased Services (400-500 series)	649,589	(12,254)	637,335	575,653	61,682
General Supplies	403,957	182,988	586,945	576,382	10,563
Total Regular Programs - Undistributed Instruction	1,238,010	174,020	1,412,030	1,337,771	74,259
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	355,305	176,780	532,085	532,085	
Other Salaries for Instruction	119,360	2,952	122,312	101,639	20,673
General Supplies	3,321		3,321	2,632	689
Total Learning and/or Language Disabilities	477,986	179,732	657,718	636,356	21,362
Behavioral Disabilities:					
Salaries of Teachers	127,419		127,419	123,742	3,677
Other Salaries for Instruction	47,000	3,835	50,835	50,248	587
General Supplies	119		119	119	
Total Behavioral Disabilities	174,538	3,835	178,373	174,109	4,264
Resource Room/Resource Center:					
Salaries of Teachers	3,475,947	(345,657)	3,130,290	3,130,289	1
Other Salaries for Instruction	851,290	(218,677)	632,613	632,612	1
General Supplies	9,207		9,207	8,932	275
Total Resource Room/Resource Center	4,336,444	(564,334)	3,772,110	3,771,833	277

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Preschool Handicapped - Part-time:					
Salaries of Teachers	\$ 298,947	\$ 4,548	\$ 303,495	\$ 303,494	\$ 1
Other Salaries for Instruction	40,320	(29,081)	11,239	8,549	2,690
General Supplies	8,858	4,140	12,998	12,997	1
Total Preschool Handicapped - Part-time	<u>348,125</u>	<u>(20,393)</u>	<u>327,732</u>	<u>325,040</u>	<u>2,692</u>
Total Special Education Instruction	<u>5,337,093</u>	<u>(401,160)</u>	<u>4,935,933</u>	<u>4,907,338</u>	<u>28,595</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	854,930	(20,749)	834,181	834,181	
General Supplies	3,557	(757)	2,800	2,609	191
Total Basic Skills/Remedial - Instruction	<u>858,487</u>	<u>(21,506)</u>	<u>836,981</u>	<u>836,790</u>	<u>191</u>
Bilingual Education - Instruction:					
Salaries of Teachers	205,644	(11,850)	193,794	193,381	413
General Supplies	711		711	690	21
Total Bilingual Education - Instruction	<u>206,355</u>	<u>(11,850)</u>	<u>194,505</u>	<u>194,071</u>	<u>434</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	155,000		155,000	146,901	8,099
Purchased Services	3,020		3,020	1,260	1,760
Supplies and Materials	3,616		3,616	2,487	1,129
Total School-Sponsored Cocurricular Activities - Instruction	<u>161,636</u>		<u>161,636</u>	<u>150,648</u>	<u>10,988</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 54,000	\$ 200	\$ 54,200	\$ 38,274	\$ 15,926
Other Purchased Services	11,624	(200)	11,424	7,074	4,350
Supplies and Materials	4,411	1,400	5,811	5,767	44
Total School-Sponsored Cocurricular Athletics - Instruction	70,035	1,400	71,435	51,115	20,320
Total Instruction	1,296,513	\$ (31,956)	1,264,557	1,232,624	31,933
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	276,985	103,409	380,394	380,394	
Tuition to Private Schools for the Handicapped - Within State	747,779	(169,782)	577,997	577,997	
Tuition Out of State		76,171	76,171	76,171	
Total Undistributed Expenditures - Instruction	1,024,764	9,798	1,034,562	1,034,562	
Attendance & Social Work Services:					
Salaries	5,000		5,000	4,776	224
Total Attendance & Social Work Services	5,000		5,000	4,776	224
Health Services:					
Salaries	567,614	1,721	569,335	567,915	1,420
Purchased Professional and Technical Services	5,000	4,800	9,800	8,645	1,155
Other Purchased Services	1,000		1,000	380	620
Supplies and Materials	17,089	(1,000)	16,089	10,653	5,436
Total Health Services	590,703	5,521	596,224	587,593	8,631

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	\$ 725,959	\$ (3,504)	\$ 722,455	\$ 720,558	\$ 1,897
Purchased Professional - Educational Services	716,361	96,718	813,079	813,078	1
Supplies and Materials	3,188	500	3,688	3,444	244
Total Speech, OT, PT and Related Services	<u>1,445,508</u>	<u>93,714</u>	<u>1,539,222</u>	<u>1,537,080</u>	<u>2,142</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	424,000	30,378	454,378	454,377	1
Purchased Professional - Educational Services	230,603	5,318	235,921	233,287	2,634
Supplies and Materials		1,050	1,050	555	495
Total Other Support Services - Students - Extraordinary Services	<u>654,603</u>	<u>36,746</u>	<u>691,349</u>	<u>688,219</u>	<u>3,130</u>
Guidance:					
Salaries of Other Professional Staff	445,878	(22,785)	423,093	421,260	1,833
Salaries of Secretarial and Clerical Assistants	129,302	1,036	130,338	130,337	1
Supplies and Materials	2,453		2,453	945	1,508
Total Guidance	<u>577,633</u>	<u>(21,749)</u>	<u>555,884</u>	<u>552,542</u>	<u>3,342</u>
Child Study Team:					
Salaries of Other Professional Staff	1,209,059	(31,979)	1,177,080	1,177,079	1
Salaries of Secretarial and Clerical Assistants	111,250		111,250	109,486	1,764
Other Purchased Professional and Technical Services	32,000	(15,043)	16,957	13,927	3,030
Miscellaneous Purchased Services	5,788		5,788	552	5,236
Supplies and Materials	34,182	(17,082)	17,100	16,979	121
Total Child Study Team	<u>1,392,279</u>	<u>(64,104)</u>	<u>1,328,175</u>	<u>1,318,023</u>	<u>10,152</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 274,498	\$ 5,000	\$ 279,498	\$ 278,478	\$ 1,020
Salaries of Other Professional Staff	26,496	460	26,956	26,956	
Salaries of Secretarial and Clerical Assistants	52,029	376	52,405	52,404	1
Total Improvement of Instructional Services	353,023	5,836	358,859	357,838	1,021
Educational Media Services/School Library:					
Salaries	356,310	959	357,269	357,268	1
Other Purchased Services	23,217		23,217	20,878	2,339
Supplies and Materials	48,118	(8,199)	39,919	34,807	5,112
Total Educational Media Services/School Library	427,645	(7,240)	420,405	412,953	7,452
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	44,754	1,314	46,068	46,068	
Other Purchased Services	101,450	(28,000)	73,450	40,734	32,716
Total Instructional Staff Training Services	146,204	(26,686)	119,518	86,802	32,716
Support Services - General Administration:					
Salaries	343,340	(1,793)	341,547	332,838	8,709
Legal Services	40,000	(9,898)	30,102	30,101	1
Audit Fees	46,857	(600)	46,257	45,500	757
Other Purchased Professional Services	2,600	(105)	2,495	2,495	
Communications/Telephone	45,362	2,276	47,638	47,638	
Other Purchased Services	108,262	11,977	120,239	120,238	1
General Supplies	7,136	643	7,779	7,779	
BOE Meeting Supplies	2,000	(1,296)	704	704	
Miscellaneous Expenditures	10,111	(1,520)	8,591	8,591	
Board of Education Membership Dues and Fees	20,000	(719)	19,281	19,280	1
Total Support Services - General Administration	625,668	(1,035)	624,633	615,164	9,469

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 741,426	\$ 4,608	\$ 741,426	\$ 740,940	\$ 486
Salaries of Secretarial and Clerical Assistants	429,542		434,150	434,148	2
Other Purchased Services	5,155		5,155	4,926	229
Supplies and Materials	1,930	100	2,030	1,873	157
Other Objects	9,532	313	9,845	9,845	
Total Support Services - School Administration	1,187,585	5,021	1,192,606	1,191,732	874
Central Services:					
Salaries	467,061		467,061	462,416	4,645
Other Purchased Professional Services	46,114	(2,135)	43,979	38,237	5,742
Supplies and Materials	5,022	476	5,498	5,383	115
Miscellaneous Expenses	2,157	138	2,295	2,295	
Total Central Services	520,354	(1,521)	518,833	508,331	10,502
Administrative Information Technology:					
Purchased Technical Services	11,000		11,000	3,942	7,058
Supplies and Materials	6,400		6,400	600	5,800
Total Administrative Information Technology	17,400		17,400	4,542	12,858
Required Maintenance of School Facilities:					
Salaries	118,947		118,947	117,000	1,947
Cleaning, Repair and Maintenance Services	335,310	235,678	570,988	552,374	18,614
General Supplies	200,000	(88,029)	111,971	77,542	34,429
Total Required Maintenance of School Facilities	654,257	147,649	801,906	746,916	54,990

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Custodial Services:					
Salaries	\$ 1,590,836	\$ (46,121)	\$ 1,544,715	\$ 1,448,405	\$ 96,310
Purchased Professional and Technical Services	16,440	18,800	35,240	32,505	2,735
Cleaning, Repairs, and Maintenance Services	143,827	85,000	228,827	225,204	3,623
Other Purchased Services	261,762	9,200	270,962	250,333	20,629
Insurance	121,733	(7,139)	114,594	114,593	1
General Supplies	174,151		174,151	150,794	23,357
Energy - Natural Gas	185,850	(1,500)	184,350	171,672	12,678
Energy - Electricity	406,484		406,484	323,142	83,342
Energy - Oil	6,300	1,500	7,800	7,062	738
Total Custodial Services	2,907,383	59,740	2,967,123	2,723,710	243,413
Security					
Salaries	35,329	(4,847)	30,482	30,481	1
Purchased Professional and Technical Services	65,000	113,258	178,258	178,257	1
General Supplies	10,000	159	10,159	8,797	1,362
Total Security	110,329	108,570	218,899	217,535	1,364
Student Transportation Services:					
Contracted Services:					
Between Home and School - Joint Agreements	2,954,340	115,033	3,069,373	3,069,373	
Special Education Students CTSA's and ESCs	380,512	203,779	584,291	584,290	1
Aid in Lieu Payments - Nonpublic	50,000	(795)	49,205	49,190	15
Total Student Transportation Services	3,384,852	318,017	3,702,869	3,702,853	16
Unallocated Benefits:					
Social Security Contributions	580,000	(73,940)	506,060	500,012	6,048
Other Retirement Contributions - PERS	515,614	2,453	518,067	518,067	
Other Retirement Contributions - Regular	40,000	5,000	45,000	43,579	1,421
Workmen's Compensation	202,970	(12,000)	190,970	189,528	1,442

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Unallocated Benefits: (Cont'd)					
Health Benefits	\$ 6,999,042	\$ (112,842)	\$ 6,886,200	\$ 6,886,200	\$ 32,631
Tuition Reimbursements	125,000	10,000	135,000	102,369	34
Other Employee Benefits	51,121	21,665	72,786	72,752	
Total Unallocated Benefits	8,513,747	(159,664)	8,354,083	8,312,507	41,576
<b>On-Behalf Contributions:</b>					
TPAF Pension Contributions (Non-Budgeted)				3,548,023	(3,548,023)
TPAF Non-Contributory Insurance (Non-Budgeted)				74,269	(74,269)
TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,643,066	(1,643,066)
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,813	(2,813)
TPAF Social Security (Reimbursed - Non-Budgeted)				1,393,513	(1,393,513)
Total On-Behalf Contributions				6,661,684	(6,661,684)
Total Personal Services - Employee Benefits	8,513,747	(159,664)	8,354,083	14,974,191	(6,620,108)
Total Undistributed Expenses	24,538,937	508,613	25,047,550	31,265,362	(6,217,812)
<b>TOTAL CURRENT EXPENSE</b>	43,499,585	(29,242)	43,470,343	49,544,953	(6,074,610)
<b>CAPITAL OUTLAY</b>					
Equipment:					
Undistributed:					
Non-Instructional:					
Technology		2,243	2,243	2,243	
Custodial Services		6,619	6,619	6,619	
Total Equipment		8,862	8,862	8,862	
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	40,000	(20,000)	20,000		20,000
Other Objects - Debt Service Assessment on SDA Funding	41,548		41,548	41,548	
Total Facilities Acquisition and Construction Services	81,548	(20,000)	61,548	41,548	20,000
<b>TOTAL CAPITAL OUTLAY</b>	81,548	(11,138)	70,410	50,410	20,000



WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Transfer To Charter School	\$ 90,293	\$ (41,245)	\$ 49,048	\$ 49,048	
Total Transfer to Charter School	90,293	(41,245)	49,048	49,048	
TOTAL EXPENDITURES	43,671,426	(81,625)	43,589,801	49,644,411	\$ (6,054,610)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(648,891)	(360,079)	(1,008,970)	552,325	1,561,295
Other Financing Sources/(Uses):					
Transfer from Capital Projects Fund for unexpended balances				150,743	150,743
Transfer from Capital Projects Fund to Capital Reserve				36,108	36,108
Transfer to Capital Projects Fund - Capital Outlay		(224,575)	(224,575)	(224,575)	
Total Other Financing Sources/(Uses)		(224,575)	(224,575)	(37,724)	186,851
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(648,891)	(584,654)	(1,233,545)	514,601	1,748,146
Fund Balance, July 1	4,225,301		4,225,301	4,225,301	
Fund Balance, June 30	\$ 3,576,410	\$ (584,654)	\$ 2,991,756	\$ 4,739,902	\$ 1,748,146
Recapitulation:					
Restricted:					
Capital Reserve				\$ 2,728,269	
Excess Surplus - For Subsequent Year's Expenditures				33,603	
Assigned:					
For Subsequent Year's Expenditures				677,213	
Year-end Encumbrances				148,169	
Unassigned				1,152,648	
				4,739,902	
Reconciliation to Governmental Fund Statement (GAAP):				(748,440)	
Last Two State Aid Payments not Recognized on GAAP Basis				\$ 3,991,462	
Fund Balance per Governmental Funds GAAP					

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources	\$ 604,362		\$ 604,362	\$ 604,362	
Local Sources		\$ 87,061	87,061	87,061	
<b>Total Revenues</b>	<b>604,362</b>	<b>87,061</b>	<b>691,423</b>	<b>691,423</b>	
<b>EXPENDITURES:</b>					
Instruction					
Salaries	36,516	(685)	35,831	35,831	
Purchased Professional/Technical Services	14,500	(3,027)	11,473	11,473	
Other Purchased Services	490,000		490,000	490,000	
General Supplies	26,812	90,826	117,638	117,638	
<b>Total Instruction</b>	<b>567,828</b>	<b>87,114</b>	<b>654,942</b>	<b>654,942</b>	
Support Services					
Personal Service - Employee Benefit	2,794	(53)	2,741	2,741	
Purchased Professional/Technical Services	25,440		25,440	25,440	
Other Purchased Services	400		400	400	
Supplies and Materials	7,900		7,900	7,900	
<b>Total Support Services</b>	<b>36,534</b>	<b>(53)</b>	<b>36,481</b>	<b>36,481</b>	
<b>Total Expenditures</b>	<b>\$ 604,362</b>	<b>\$ 87,061</b>	<b>\$ 691,423</b>	<b>\$ 691,423</b>	

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 50,196,736	\$ 691,423
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the related Revenue is Recognized.		(6,600)
State Aid Payments Recognized for GAAP Statement, not Recognized for Budgetary Purposes	795,112	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(748,440)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 50,243,408	\$ 684,823
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 49,644,411	\$ 691,423
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		(6,600)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 49,644,411	\$ 684,823

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2019 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Elementary and Secondary Education Act				IDEA, PART B			Local Grants	Totals
	Title I	Title II A	Title III Immigrant	Title IV	Preschool	Basic			
<b>REVENUE:</b>									
Federal Sources	\$ 38,238	\$ 27,368	\$ 1,880	\$ 10,000	\$ 25,777	\$ 501,099	\$ 87,061	\$ 604,362	
Local Sources								87,061	
<b>Total Revenue</b>	<b>38,238</b>	<b>27,368</b>	<b>1,880</b>	<b>10,000</b>	<b>25,777</b>	<b>501,099</b>	<b>87,061</b>	<b>691,423</b>	
<b>EXPENDITURES:</b>									
Instruction:									
Salaries	12,815				23,016			35,831	
Purchased Professional/ Technical Services	11,473					490,000		11,473	
Other Purchased Services						3,199		490,000	
General Supplies	12,970	1,528	1,880	10,000	1,000		87,061	117,638	
<b>Total Instruction</b>	<b>37,258</b>	<b>1,528</b>	<b>1,880</b>	<b>10,000</b>	<b>24,016</b>	<b>493,199</b>	<b>87,061</b>	<b>654,942</b>	
Support Services:									
Employee Benefits	980				1,761			2,741	
Purchased Professional/ Technical Services		25,440						25,440	
Other Purchased Services		400						400	
Supplies and Materials						7,900		7,900	
<b>Total Support Services</b>	<b>980</b>	<b>25,840</b>			<b>1,761</b>	<b>7,900</b>		<b>36,481</b>	
<b>Total Expenditures</b>	<b>\$ 38,238</b>	<b>\$ 27,368</b>	<b>\$ 1,880</b>	<b>\$ 10,000</b>	<b>\$ 25,777</b>	<b>\$ 501,099</b>	<b>\$ 87,061</b>	<b>\$ 691,423</b>	

CAPITAL PROJECTS FUND

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ (199,628)
Other Financing Sources - Transfer In	224,575
	<hr/>
Total Revenue and Other Financing Sources	24,947
	<hr/>
Other Financing Uses:	
Transfer to General Fund Capital Reserve	36,108
Transfer to General Fund	150,743
	<hr/>
Total Other Financing Uses	186,851
	<hr/>
Deficit of Revenue and Other Financing Sources Under Expenditures	(161,904)
Fund Balance - Beginning of Year (Restated)	161,904
	<hr/>
Fund Balance - End of Year	\$ -0-
	<hr/> <hr/>
SDA Grant Receivable not Recognized on a GAAP Basis	(103,760)
	<hr/>
Fund Balance GAAP Basis	\$ (103,760)
	<hr/> <hr/>



WASHINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
CONSTRUCTION OF CUCINELLA SCHOOL AND RENOVATIONS TO OTHER SCHOOLS - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 6,871,136	\$ (99,913)	\$ 6,771,223	\$ 6,771,223
Bond Proceeds	19,228,864		19,228,864	19,228,864
Total Revenue and Other Financing Sources	<u>26,100,000</u>	<u>(99,913)</u>	<u>26,000,087</u>	<u>26,000,087</u>
Expenditures:				
Purchased Professional and Technical Services	2,475,282		2,475,282	4,334,087
Construction Services	22,802,250		22,802,250	20,316,000
Miscellaneous Costs	722,555		722,555	1,350,000
Total Expenditures and Other Financing Uses	<u>26,000,087</u>		<u>26,000,087</u>	<u>26,000,087</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 99,913</u>	<u>\$ (99,913)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

## Additional Project Information:

Project Number	5520-n01-03-0432
Grant Date	6/25/2003
Bonds Authorized Date	3/11/2003
Bonds Authorized	\$ 19,228,864
Bonds Issued	19,228,864
Original Authorized Cost	26,100,000
Revised Authorized Cost	26,000,087
Percentage Change over Original Authorized Cost	-0.38%
Percentage Completion	100.00%
Original Target Completion Date	12/2/2005
Revised Target Completion Date	12/2/2005

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
LONG VALLEY MIDDLE SCHOOL MECHANICAL PROJECT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Additional Project Information:

Project Number	5520-030-11-1011
Original Authorized Cost	\$ 1,040,900
Revised Authorized Cost	816,081
Percentage Change over Original Authorized Cost	-21.60%
Percentage Completion	96.47%
Original Target Completion Date	9/1/2012
Revised Target Completion Date	10/1/2015

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
OLD FARMERS ROAD SCHOOL MECHANICAL PROJECT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

## Additional Project Information:

Project Number	55200-040-13-1000
Original Authorized Cost	\$ 1,010,000
Revised Authorized Cost	1,231,063
Percentage Increase over Original Authorized Cost	21.89%
Percentage Completion	100.00%
Original Target Completion Date	10/1/2013
Revised Target Completion Date	6/5/2014

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
SECURITY PROJECTS - ALL SCHOOLS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 471,598		\$ 471,598	\$ 471,598
Transfer from General Fund - Capital Reserve	409,398		409,398	409,398
Transfer from General Fund - Capital Outlay	300,000	\$ (1,884)	298,116	298,116
Total Revenue and Other Financing Sources	1,180,996	(1,884)	1,179,112	1,179,112
Expenditures:				
Purchased Professional and Technical Services	35,300		35,300	35,300
Construction Services	1,143,812		1,143,812	1,143,812
Total Expenditures	1,179,112		1,179,112	1,179,112
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 1,884	\$ (1,884)	\$ -0-	\$ -0-

Additional Project Information:

	5520-035-14-1004;
Project Number	1003; 1007; 1006
Grant Date	3/1/2014
Original Authorized Cost	\$1,178,996
Revised Authorized Cost	1,179,112
Percentage Change over	
Original Authorized Cost	-0.01%
Percentage Completion	100.00%
Original Target Completion Date	10/31/2014
Revised Target Completion Date	10/6/2015

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
HVAC PROJECT - FLOCKTOWN ROAD SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 518,800		\$ 518,800	\$ 518,800
Transfer from General Fund - Capital Reserve	697,698		697,698	697,698
Transfer from General Fund - Capital Outlay	105,502	\$ (3,819)	101,683	101,683
Total Revenue and Other Financing Sources	<u>1,322,000</u>	<u>(3,819)</u>	<u>1,318,181</u>	<u>1,318,181</u>
Expenditures:				
Purchased Professional and Technical Services	105,000		105,000	105,000
Construction Services	1,213,181		1,213,181	1,213,181
Total Expenditures	<u>1,318,181</u>		<u>1,318,181</u>	<u>1,318,181</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 3,819</u>	<u>\$ (3,819)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number	5520-030-13-2002			
Grant Date	3/1/2014			
Original Authorized Cost	\$ 1,297,000			
Revised Authorized Cost	1,318,181			
Percentage Increase over Original Authorized Cost	1.63%			
Percentage Completion	100.00%			
Original Target Completion Date	10/1/2014			
Revised Target Completion Date	9/1/2015			

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
ROOF REPLACEMENT - OLD FARMER'S ROAD SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 415,890	\$ (95,523)	\$ 320,367	\$ 320,367
Transfer from General Fund - Capital Outlay	<u>623,835</u>	<u>(143,283)</u>	<u>480,552</u>	<u>480,552</u>
Total Revenue and Other Financing Sources	<u>1,039,725</u>	<u>(238,806)</u>	<u>800,919</u>	<u>800,919</u>
Expenditures:				
Purchased Professional and Technical Services	97,086		97,086	97,086
Construction Services	<u>703,833</u>		<u>703,833</u>	<u>703,833</u>
Total Expenditures	<u>800,919</u>		<u>800,919</u>	<u>800,919</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 238,806</u>	<u>\$ (238,806)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

## Additional Project Information:

Project Number	5520-040-13-4001
Grant Date	3/1/2014
Original Authorized Cost	\$ 1,039,725
Revised Authorized Cost	800,919
Percentage Change over Original Authorized Cost	-22.97%
Percentage Completion	100.00%
Original Target Completion Date	10/1/2014
Revised Target Completion Date	3/1/2015

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
AIR CONDITIONING PROJECT - OLD FARMER'S ROAD SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 39,992	\$ (4,192)	\$ 35,800	\$ 35,800
Transfer from General Fund - Capital Reserve	59,989	(6,289)	53,700	53,700
Total Revenue and Other Financing Sources	99,981	(10,481)	89,500	89,500
Expenditures:				
Purchased Professional and Technical Services	10,500		\$ 10,500	10,500
Construction Services	79,000		79,000	79,000
Total Expenditures	89,500		89,500	89,500
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 10,481	\$ (10,481)	\$ -0-	\$ -0-

## Additional Project Information:

Project Number	5520-040-14-1005
Grant Date	3/1/2014
Original Authorized Cost	\$ 99,981
Revised Authorized Cost	89,500
Percentage Change Over	
Original Authorized Cost	-10.48%
Percentage Completion	100.00%
Original Target Completion Date	12/1/2014
Revised Target Completion Date	3/1/2016

PROPRIETARY FUNDS



WASHINGTON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2019

ASSETS:

## Current Assets:

## Accounts Receivable:

State	\$ 336
Federal	4,245
Other	22,118
Inventories	<u>11,853</u>

Total Current Assets	<u>38,552</u>
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## Non-Current Assets:

Capital Assets	369,526
Less: Accumulated Depreciation	<u>(338,136)</u>

Total Non-Current Assets	<u>31,390</u>
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Total Assets	<u>69,942</u>
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LIABILITIES:

## Current Liabilities:

Interfund Payable	120,380
Unearned Revenue	<u>25,750</u>

Total Current Liabilities	<u>146,130</u>
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NET POSITION:

Investment in Capital Assets	31,390
Unrestricted/(Deficit)	<u>(107,578)</u>

Total Net Position/(Deficit)	<u><u>\$ (76,188)</u></u>
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WASHINGTON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 239,902
Daily Sales - Non-Reimbursable Programs	181,721
	<hr/>
Total Operating Revenue	421,623
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	94,143
Cost of Sales - Non-Reimbursable Programs	59,020
Salaries, Benefits & Payroll Taxes	223,104
Professional and Technical Services	85,719
Repairs and Supplies	30,839
Depreciation Expense	14,624
	<hr/>
Total Operating Expenses	507,449
	<hr/>
Operating Loss	(85,826)
	<hr/>
Non-Operating Revenue:	
State Sources	
State School Lunch Program	4,155
Federal Sources	
National School Lunch Program	52,186
Food Distribution Program	29,512
	<hr/>
Total Non-Operating Revenue	85,853
	<hr/>
Change in Net Position	27
	<hr/>
Net Position/(Deficit) - Beginning of Year	(76,215)
	<hr/>
Net Position/(Deficit) - End of Year	\$ (76,188)
	<hr/> <hr/>

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 405,300
Payments to Food Service Vendor	(455,079)
Payments to Suppliers	<u>(7,302)</u>
Net Cash Used for Operating Activities	<u>(57,081)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	<u>57,081</u>
Net Cash Provided by Noncapital Financing Activities	<u>57,081</u>
Net Increase in Cash and Cash Equivalents	-0-
Cash and Cash Equivalents, July 1	<u>-0-</u>
Cash and Cash Equivalents, June 30	<u><u>\$ -0-</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (85,826)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Federal Food Distribution Program	29,512
Depreciation	14,624
Changes in Assets and Liabilities:	
(Increase) in Inventory	(2,931)
(Increase) in Accounts Receivable	(4,809)
(Decrease) in Interfund Payable	(9,593)
Increase in Unearned Revenue	<u>1,942</u>
Net Cash Used for Operating Activities	<u><u>\$ (57,081)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Fund received USDA donated commodities valued at \$30,813 and used commodities valued at \$29,512 during the fiscal year.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	<u>Transportation</u>
<u>ASSETS:</u>	
Current assets:	
Accounts receivable:	
Intergovernmental - Other	\$ 180,628
Total current assets	<u>180,628</u>
Non-current assets:	
Capital assets	5,427,257
Less: accumulated depreciation	<u>(3,050,270)</u>
Total non-current assets	<u>2,376,987</u>
Total assets	<u>2,557,615</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	129,757
Interfund Payable	<u>463,745</u>
Total Current Liabilities	<u>593,502</u>
Long-Term Liabilities:	
Capital Leases Payable:	
Due Within One Year	375,902
Due Beyond One Year	<u>501,912</u>
Total Long-Term Liabilities	<u>877,814</u>
Total Liabilities	<u>1,471,316</u>
<u>NET POSITION:</u>	
Net Investment in Capital Assets	1,499,173
Unrestricted/(Deficit)	<u>(412,874)</u>
Total net position	<u>\$ 1,086,299</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Transportation</u>
Operating revenue:	
Local Sources:	
Charges and fees	\$ 4,708,006
Total operating revenue	4,708,006
Operating expenses:	
Salaries, benefits and payroll taxes	3,381,657
Professional and technical services	114,482
Maintenance	754,547
Supplies and materials	13,035
Depreciation	474,815
Total operating expenses	4,738,536
Operating loss	(30,530)
Non-operating expense:	
Interest expense on Capital Leases	(15,988)
Total non-operating expense	(15,988)
Change in net position	(46,518)
Net position - beginning of year	1,132,817
Net position - end of year	\$ 1,086,299

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Transportation</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 4,667,917
Payments to suppliers	(4,140,825)
Net cash provided by/(used for) operating activities	527,092
Cash flows from capital and related financing activities:	
Purchases of Capital Assets	(38,104)
Interest expense on Capital Leases	(15,988)
Capital lease payments	(473,000)
Net cash flows used for capital and related financing activities	(527,092)
Net increase/(decrease) in cash and cash equivalents	-0-
Cash and cash equivalents, July 1	-0-
Cash and cash equivalents, June 30	\$ -0-
Reconciliation of operating income/(loss) to net cash provided by/(used for) operating activities:	
Operating income/(loss)	\$ (30,530)
Adjustment to reconcile operating income/(loss) to net cash provided by/(used for) operating activities:	
Depreciation	474,815
Changes in assets and liabilities:	
(Increase)/decrease in accounts receivable	(40,089)
Increase/(decrease) in accounts payable	99,451
Increase/(decrease) in Interfunds payable	23,445
Net cash provided by/(used for) operating activities	\$ 527,092

FIDUCIARY FUNDS

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2019

		<u>Agency</u>		<u>Total</u>		<u>Flexible</u>		<u>Unemployment</u>
		<u>Student</u>	<u>Payroll</u>			<u>Spending</u>		<u>Compensation</u>
		<u>Activity</u>				<u>Trust</u>		<u>Trust</u>
Cash and Cash Equivalents	\$	35,189	\$ 238,234	\$	273,423	\$	8,586	\$ 619,486
Interfund Receivable								15,184
<b>Total Assets</b>		<b>35,189</b>	<b>238,234</b>		<b>273,423</b>		<b>8,586</b>	<b>634,670</b>
 <u>LIABILITIES:</u>								
Payroll Deductions and Withholdings			223,050		223,050			
Interfund Payable			15,184		15,184			
Due to Student Groups		35,189			35,189			
<b>Total Liabilities</b>		<b>35,189</b>	<b>238,234</b>		<b>273,423</b>			
 <u>NET POSITION:</u>								
Held in Trust for:								
Unemployment Claims								634,670
Flexible Spending Claims						8,586		
<b>Total Net Position</b>	<b>\$</b>	<b>-0-</b>	<b>\$ -0-</b>	<b>\$</b>	<b>-0-</b>	<b>\$</b>	<b>8,586</b>	<b>\$ 634,670</b>



WASHINGTON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 63,730	\$ 41,422
Total Additions	<u>63,730</u>	<u>41,422</u>
DEDUCTIONS:		
Flexible Spending Claims	61,680	
Unemployment Compensation Claims		18,929
Total Deductions	<u>61,680</u>	<u>18,929</u>
Change in Net Position	2,050	22,493
Net Position - Beginning of the Year	<u>6,536</u>	<u>612,177</u>
Net Position - End of the Year	<u>\$ 8,586</u>	<u>\$ 634,670</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 30,325	\$ 240,076	\$ 235,212	\$ 35,189
Total Assets	<u>\$ 30,325</u>	<u>\$ 240,076</u>	<u>\$ 235,212</u>	<u>\$ 35,189</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 30,325	\$ 240,076	\$ 235,212	\$ 35,189
Total Liabilities	<u>\$ 30,325</u>	<u>\$ 240,076</u>	<u>\$ 235,212</u>	<u>\$ 35,189</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Cash Receipts	Cash Disbursements	Balance June 30, 2019
Schools:				
Long Valley Middle School	\$ 23,728	\$ 211,019	\$ 207,380	\$ 27,367
Flocktown Kossmann School	2,472	10,269	10,021	2,720
Old Farmers Road School	457	7,352	6,377	1,432
Cucinella School	3,668	11,436	11,434	3,670
Total	<u>\$ 30,325</u>	<u>\$ 240,076</u>	<u>\$ 235,212</u>	<u>\$ 35,189</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 230,224	\$ 20,285,145	\$ 20,277,135	\$ 238,234
Total Assets	\$ 230,224	\$ 20,285,145	\$ 20,277,135	\$ 238,234
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 216,617	\$ 20,269,961	\$ 20,263,528	\$ 223,050
Interfund Payable	13,607	15,184	13,607	15,184
Total Liabilities	\$ 230,224	\$ 20,285,145	\$ 20,277,135	\$ 238,234

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2018	Matured	Balance June 30, 2019
			Date	Amount				
Refunding of 2003 Bonds	8/15/2010	\$ 12,260,000	7/15/2019	\$ 1,240,000	4.000%	\$ 7,580,000	\$ 1,205,000	\$ 6,375,000
			7/15/2020	1,250,000	4.000%			
			7/15/2021	1,320,000	3.000%			
			7/15/2022	1,350,000	3.000%			
			7/15/2023	1,215,000	3.000%			
						<u>\$ 7,580,000</u>	<u>\$ 1,205,000</u>	<u>\$ 6,375,000</u>

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

Item	Interest Rate	Original Issue	Balance June 30, 2018	Issued	Matured	Balance June 30, 2019
<u>General Fund:</u>						
Technology	1.947%	\$ 145,595	\$ 50,769		\$ 50,769	
Phone System	1.830%	246,900	149,033		48,779	\$ 100,254
Total General Fund			199,802		99,548	100,254
<u>Internal Service Fund:</u>						
Buses	1.067%	463,129	93,686		93,686	
Van	2.160%	62,119	25,387		12,558	12,829
Bus	2.300%	98,529	40,761		20,149	20,612
Bus	2.300%	98,529	40,761		20,149	20,612
Bus	2.300%	98,529	40,761		20,149	20,612
Bus	2.300%	98,529	40,761		20,149	20,612
Buses	1.660%	537,000	325,851		105,742	220,109
Buses	1.750%	468,839	332,929		93,060	239,869
Buses	3.280%	409,917		\$ 409,917	87,358	322,559
Total Internal Service Fund			940,897	409,917	473,000	877,814
Total Capital Leases			\$ 1,140,699	\$ 409,917	\$ 572,548	\$ 978,068

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,445,250		\$ 1,445,250	\$ 1,445,250	
Total Revenue	1,445,250		1,445,250	1,445,250	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	240,250		240,250	240,250	
Redemption of Principal	1,205,000		1,205,000	1,205,000	
Total Regular Debt Service	1,445,250		1,445,250	1,445,250	
Total Expenditures	1,445,250		1,445,250	1,445,250	
Excess of Revenues Over Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-



**STATISTICAL SECTION**  
(UNAUDITED)

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

**Contents**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

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

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

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



WASHINGTON TOWNSHIP SCHOOL DISTRICT  
CHANGE IN NET POSITION, LAST TEN FISCAL YEARS

UNAUDITED  
(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fiscal Year Ending June 30.										
Expenses										
Governmental Activities										
Instruction:										
Regular	\$17,900,073	\$16,712,610	\$16,665,731	\$16,799,927	\$17,115,111	\$19,089,714	\$19,823,737	\$21,550,075	\$22,927,663	\$23,249,255
Special Education	4,817,967	5,632,970	5,875,949	6,165,305	6,615,956	7,893,868	8,659,630	10,093,387	9,903,395	9,760,735
Other Special Education	961,370	903,838	961,972	1,076,548	1,120,353	1,653,039	1,704,964	2,391,859	2,129,137	1,413,149
School Sponsored/Other Instruction	201,790	165,596	179,632	213,603	249,056	334,792	352,981	177,474	378,443	384,797
Support Services:										
Tuition	1,459,238	1,208,991	1,455,464	1,478,347	1,283,355	1,338,469	1,089,551	1,450,741	1,581,745	1,524,562
Student & Instruction Related Services	7,393,373	6,637,865	6,785,354	6,852,635	7,232,507	8,021,352	8,678,706	9,544,258	10,008,483	10,756,611
General Administrative Services	1,125,046	866,972	859,754	854,868	790,069	861,609	899,002	877,703	932,218	981,500
School Administrative Services	2,081,896	1,507,199	1,598,289	1,950,083	1,680,145	2,084,284	1,814,291	1,965,221	2,101,492	2,253,681
Central Services	630,956	658,446	683,140	694,031	720,253	729,583	781,993	900,989	938,605	965,398
Technology Services	100,536	27,546	12,653	8,071	11,731	6,057	45,747	1,425	1,294	4,542
Plant Operations and Maintenance	3,258,174	3,580,476	3,706,303	3,727,211	3,993,337	4,265,266	4,419,113	4,826,969	4,801,893	5,396,298
Pupil Transportation	4,919,305	4,782,123	4,695,551	5,307,703	4,898,277	4,958,457	4,683,483	5,186,198	5,176,744	5,590,077
Interest on Long-term Debt	673,882	590,046	562,715	529,215	476,752	440,843	402,967	358,366	312,266	306,314
Transfer to Charter School	31,982	71,417	153,235	116,080	93,182	79,771	70,887	47,088	81,809	49,048
Capital Outlay		50,316	148,931	141,310	1,594,755	41,548		258,683	41,549	
Total Governmental Activities Expenses	45,555,588	43,396,411	44,344,673	45,914,937	47,874,839	51,798,652	53,427,052	59,630,436	61,316,736	62,635,967
Business-type Activities:										
Food Service	724,900	751,327	749,944	670,954	646,701	590,276	578,631	550,979	514,122	507,449
Total Business-type Activities Expense	724,900	751,327	749,944	670,954	646,701	590,276	578,631	550,979	514,122	507,449
Total District Expenses	46,280,488	44,147,738	45,094,617	46,585,891	48,521,540	52,388,928	54,005,683	60,181,415	61,830,858	63,143,416
Program Revenues										
Governmental Activities:										
Charges for Services:										
Regular Instruction	1,137,693	1,123,476	1,062,050	989,994	1,052,689	1,101,469	1,303,236	1,420,193	1,502,366	1,638,633
Pupil Transportation	12,667,776	11,202,717	12,166,067	13,166,080	12,465,798	17,282,809	19,075,209	23,188,978	24,574,950	24,839,254
Operating Grants and Contributions	13,805,469	12,326,193	13,228,117	14,156,074	13,518,487	18,384,278	20,378,445	24,609,171	26,090,204	26,504,125
Total Governmental Activities Program Revenues										

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Business-type Activities:</b>										
Charges for Services										
Food Service	\$ 611,769	\$ 638,552	\$ 606,591	\$ 505,557	\$ 514,929	\$ 483,787	\$ 453,066	\$ 443,317	\$ 421,502	\$ 421,623
Operating Grants and Contributions	96,172	113,576	102,132	106,059	111,358	103,599	104,924	95,050	90,019	85,853
Total Business-type Activities Program Revenues	707,941	752,128	708,723	611,616	626,287	587,386	557,990	538,367	511,521	507,476
Total District Program Revenues	14,513,410	13,078,321	13,936,840	14,767,690	14,144,774	18,971,664	20,936,435	25,147,538	26,601,725	27,011,601
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	(31,750,119)	(31,070,218)	(31,116,556)	(31,758,863)	(34,356,352)	(33,414,374)	(33,048,607)	(35,021,265)	(35,226,532)	(36,131,842)
Business-type Activities	(16,959)	801	(41,221)	(59,338)	(20,414)	(2,890)	(20,641)	(12,612)	(2,601)	27
Total District-wide Net Expense	(31,767,078)	(31,069,417)	(31,157,777)	(31,818,201)	(34,376,766)	(33,417,264)	(33,069,248)	(35,033,877)	(35,229,133)	(36,131,815)
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied for General Purposes, Net	30,279,036	30,487,832	30,705,982	30,409,527	30,565,878	31,128,290	31,549,550	32,451,543	33,500,730	34,582,119
Taxes Levied for Debt Service	1,501,120	1,510,490	1,424,176	1,474,574	1,477,238	1,481,324	1,473,449	1,468,850	1,457,750	1,445,250
Unrestricted Grants and Contributions	135,600	210,932		453,893	453,893	1,077,663	112,689	92,876		507,398
Miscellaneous Income	211,855	197,452	257,218	100,702	235,325	197,541	222,048	181,885	234,027	521,701
Other Items						(75,000)				(199,628)
Total Governmental Activities	32,127,611	32,406,706	32,387,376	31,984,803	32,732,334	33,809,818	33,357,736	34,195,154	35,192,507	36,856,840
<b>Business-type Activities:</b>										
Transfers						75,000				
Total Business-type Activities						75,000				
Total District-wide	32,127,611	32,406,706	32,387,376	31,984,803	32,732,334	33,884,818	33,357,736	34,195,154	35,192,507	36,856,840
<b>Change in Net Position:</b>										
Governmental Activities	377,492	1,336,488	1,270,820	225,940	(1,624,018)	395,444	309,129	(826,111)	(34,025)	724,998
Business-type Activities	(16,959)	801	(41,221)	(59,338)	(20,414)	72,110	(20,641)	(12,612)	(2,601)	27
Total District	\$ 360,533	\$ 1,337,289	\$ 1,229,599	\$ 166,602	\$ (1,644,432)	\$ 467,554	\$ 288,488	\$ (838,723)	\$ (36,626)	\$ 725,025

Source: School District Financial Reports

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

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2018	2019
General Fund										
Reserved/Restricted	\$ 1,252,014	\$ 1,077,240	\$ 1,422,354	\$ 429,776	\$ 640,211	\$ 1,140,311	\$ 1,340,311	\$ 1,674,014	\$ 1,674,014	\$ 2,761,872
Assigned	953,268	1,247,201	617,523	997,652	1,136,067	1,085,312	1,219,550	1,009,470	1,009,470	825,382
Unassigned	523,304	286,616	610,445	474,683	306,044	267,316	223,107	746,705	746,705	404,208
Total General Fund	\$ 2,728,586	\$ 2,611,057	\$ 2,650,322	\$ 1,902,111	\$ 2,082,322	\$ 2,492,939	\$ 2,782,968	\$ 3,430,189	\$ 3,430,189	\$ 3,991,462
All Other Governmental Funds:										
Reserved/Restricted Committed	\$ 48,897		\$ 1,155,567	\$ 1,494,742	\$ 512,886	\$ 99,913	\$ 99,913	\$ 99,913	\$ 99,913	\$ 99,913
Unreserved, Reported in:						185,217	278,093	278,093	278,093	278,093
Capital Projects Fund	348,908	\$ 975,653								
Debt Service Fund										
Unassigned/(Deficit)										\$ (103,760)
Total All Other Governmental Fund/(Deficit)	\$ 397,805	\$ 975,653	\$ 1,155,567	\$ 1,494,744	\$ 512,886	\$ 285,130	\$ 378,006	\$ 378,006	\$ 378,006	\$ (103,760)
Total All Funds	\$ 3,126,391	\$ 3,586,710	\$ 3,805,889	\$ 3,396,855	\$ 2,595,208	\$ 2,778,069	\$ 3,160,974	\$ 3,808,195	\$ 3,808,195	\$ 3,887,702

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Tax Levy	\$ 31,780,156	\$ 31,998,322	\$ 32,130,158	\$ 31,884,101	\$ 32,043,116	\$ 32,609,614	\$ 33,022,999	\$ 33,920,393	\$ 34,958,480	\$ 36,027,369
Miscellaneous	252,103	277,084	305,345	331,301	235,325	235,514	258,713	255,029	319,275	628,400
State Sources	10,754,649	10,452,814	11,094,759	12,429,866	12,295,444	13,432,097	13,080,202	13,607,303	14,560,511	15,620,748
Federal Sources	2,008,480	881,202	1,023,181	633,461	624,247	624,220	639,034	620,572	611,896	604,362
<b>Total Revenue</b>	<b>44,795,388</b>	<b>43,609,422</b>	<b>44,553,443</b>	<b>45,278,729</b>	<b>45,198,132</b>	<b>46,901,445</b>	<b>47,000,948</b>	<b>48,403,297</b>	<b>50,450,162</b>	<b>52,880,879</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	13,155,847	12,231,631	12,195,419	12,164,627	12,198,315	12,243,182	12,183,304	12,245,582	12,286,588	12,270,756
Special Education Instruction	3,502,882	4,413,320	4,257,146	4,431,552	4,620,921	4,883,954	5,165,139	5,317,895	5,069,499	4,934,553
Other Special Instruction	687,152	642,785	687,829	760,896	777,184	1,018,631	1,008,048	1,356,397	1,087,499	1,030,861
School Sponsored/Other Instruction	145,636	120,880	131,483	155,468	176,164	213,170	215,213		201,651	201,763
<b>Support Services:</b>										
Tuition	1,459,238	1,208,991	1,455,464	1,478,347	1,283,355	1,338,469	1,089,551	1,450,741	1,581,745	1,524,562
Student & Instruction Related Services	5,228,658	4,617,999	4,773,823	4,794,883	4,973,116	5,134,433	5,373,378	5,131,120	5,196,903	5,582,307
General Administrative Services	966,530	700,404	692,228	678,725	621,384	629,117	653,781	553,740	583,189	615,164
School Administrative Services	1,352,817	1,260,703	1,280,456	1,353,596	1,275,265	1,342,378	1,328,797	1,242,488	1,212,677	1,191,732
Central Services	459,732	484,449	503,913	500,890	513,563	462,632	477,691	495,118	499,579	508,331
Administrative Information Technology	82,219	27,546	12,653	8,071	11,731	6,057	1,845	1,425	1,294	4,542
Plant Operations and Maintenance	3,036,578	2,915,731	3,035,423	3,021,373	3,221,414	3,195,769	3,180,603	3,235,608	3,178,635	3,688,161
Pupil Transportation	3,428,405	3,288,598	3,251,261	3,245,398	3,000,524	2,854,026	2,823,051	3,017,810	3,367,344	3,702,853
Unallocated Benefits	9,680,503	9,272,562	9,655,415	10,059,386	9,430,757	9,867,408	11,301,551	12,414,982	13,939,157	14,974,191
Transfer to Charter Schools	31,982	71,417	153,235	116,080	93,182	79,771	70,887	47,088	81,809	49,048
Capital Outlay	354,333	544,918	534,603	1,414,766	1,633,739	2,877,770	957,989	434,043	57,622	50,410
<b>Debt Service:</b>										
Principal	815,000	850,000	950,000	985,000	1,025,000	1,065,000	1,095,000	1,135,000	1,170,000	1,205,000
Interest and Other Charges	686,120	611,593	523,073	489,573	452,237	416,325	378,450	333,850	287,750	240,250
<b>Total Expenditures</b>	<b>45,073,632</b>	<b>43,263,527</b>	<b>44,093,124</b>	<b>45,658,631</b>	<b>45,307,851</b>	<b>47,628,092</b>	<b>47,304,278</b>	<b>48,412,887</b>	<b>49,802,941</b>	<b>51,774,484</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(278,244)</b>	<b>345,895</b>	<b>460,319</b>	<b>(379,902)</b>	<b>(109,719)</b>	<b>(726,647)</b>	<b>(303,330)</b>	<b>(9,590)</b>	<b>647,221</b>	<b>1,106,395</b>

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2018	2019
Other Financing Sources (Uses)										
Transfers In	\$ 561,154		\$ 1,148,409	\$ 1,198,000	\$ 1,702,905	\$ 709,337				\$ 37,724
Transfers Out	(561,154)		(1,148,409)	(1,198,000)	(1,702,905)	(784,337)				(37,724)
Cancellation of SDA Grant Receivable				599,081			486,191	392,495		(199,628)
Capital Leases (Non-budgeted)				599,081			486,191	392,495		(199,628)
Total Other Financing Sources (Uses)										
Net Change in Fund Balances	\$ (278,244)	\$ 345,895	\$ 460,319	\$ 219,179	\$ (109,719)	\$ (801,647)	\$ 182,861	\$ 382,905	\$ 647,221	\$ 906,767
Debt Service as a Percentage of Noncapital Expenditures	3.5%	3.5%	3.5%	3.4%	3.5%	3.4%	3.3%	3.2%	3.0%	2.9%

Source: School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Rentals- Use</u> <u>of Facilities</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2010	\$ 10,838	\$ 30,680	\$ 123,387	\$ 21,914	\$ 186,819
2011	6,234	20,975	26,888	143,355	197,452
2012	6,222	21,035	116,402	113,559	257,218
2013	3,612	35,935	88,299	100,702	228,548
2014	3,017	21,035	116,402	39,453	179,907
2015	2,306	17,550	114,267	63,418	197,541
2016	9,955	19,561	84,099	104,347	217,962
2017	19,163	17,650	87,277	57,795	181,885
2018	75,467	17,426	92,412	48,722	234,027
2019	167,593	18,690	205,807	155,849	547,939

Source: Washington Township School District records



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

Year Ended December 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	School Tax Rate <sup>b</sup>	(County Equalized Value)
2009	\$ 54,480,100	\$ 2,841,182,400	\$ 130,062,400	\$ 4,154,100	\$ 132,149,800	\$ 38,803,500	\$ 43,238,300	\$ 3,244,090,600	\$ 266,814,300	\$ 4,241,728	\$ 3,248,332,328	0.97	\$ 3,380,843,416
2010	* 38,072,900	2,462,010,400	113,484,900	4,137,400	126,955,200	34,966,600	36,148,000	2,815,775,400	243,749,600	4,740,622	2,820,516,022	1.13	3,313,749,445
2011	36,687,200	2,467,409,800	115,743,900	4,396,700	125,513,400	34,966,600	35,481,100	2,820,198,700	244,640,300	4,384,292	2,824,582,992	1.14	3,152,132,846
2012	34,941,700	2,469,983,800	115,719,400	4,328,500	122,484,700	34,966,600	35,430,900	2,817,855,600	248,566,600	4,013,846	2,821,869,446	1.14	3,051,555,188
2013	31,560,000	2,478,920,800	115,230,000	4,334,500	119,232,700	34,966,600	35,338,200	2,819,602,800	232,694,900	1,383,066	2,820,985,866	1.13	2,896,200,018
2014	30,285,400	2,473,660,800	115,685,500	4,434,000	119,360,900	32,800,100	35,338,200	2,811,584,900	253,470,500	939,069	2,812,523,969	1.15	2,795,635,987
2015	29,795,600	2,472,018,300	114,769,000	4,412,000	115,548,400	32,800,100	35,338,200	2,804,701,600	254,218,200	935,217	2,805,636,817	1.69	2,843,585,328
2016	31,061,500	2,470,631,400	116,338,400	4,359,800	123,464,900	32,800,100	35,338,200	2,814,014,300	254,082,500	830,887	2,814,845,187	1.72	2,857,587,207
2017	29,395,800	2,478,120,100	116,160,600	4,353,600	122,738,600	32,238,700	35,054,600	2,818,062,000	254,082,300		2,818,062,000	1.78	2,896,024,012
2018	26,217,500	2,489,033,400	116,986,400	4,320,600	122,170,100	32,238,700	35,461,400	2,826,428,100	256,473,800		2,826,428,100	1.83	2,906,311,191

\* Year in which revaluation became effective.

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Year Ended December 31,	Washington School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt <sup>b</sup>	Total Direct	Washington Township	Morris County	
2009	\$ 0.93	\$ 0.05	\$ 0.97	\$ 0.33	\$ 0.24	\$ 1.54
2010	* 1.08	0.05	1.13	0.40	0.27	1.80
2011	1.08	0.05	1.14	0.40	0.27	1.80
2012	1.08	0.05	1.14	0.41	0.27	1.81
2013	1.08	0.05	1.13	0.42	0.26	1.81
2014	1.10	0.05	1.15	0.43	0.26	1.84
2015	1.62	0.07	1.69	0.44	0.25	2.38
2016	1.64	0.08	1.72	0.45	0.26	2.42
2017	1.70	0.07	1.78	0.45	0.27	2.50
2018	1.71	0.07	1.78	0.46	0.27	2.51

\* Year in which revaluation became effective.

Source: Municipal Tax Collector and School Business Administrator

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

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

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

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

	2019		Taxpayer	2010	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Heath Village	\$ 21,853,200	0.78%	Heath Village	\$ 21,760,700	0.77%
Target Corp	13,650,000	0.48%	Target Corp.	15,914,000	0.56%
2085 Realty Partners	11,694,100	0.42%	2085 Realty Partners	12,225,800	0.43%
Peachtree Village	10,250,000	0.36%	Peachtree Village	10,916,900	0.39%
Bay Ridge Motor Sales	7,940,000	0.28%	Transistor Devices	7,605,500	0.27%
GPT Hackettstown Owner LLC	6,841,200	0.24%	Kings Hwy Invest Co.	7,399,000	0.26%
Amerace ESNA Corp	6,178,400	0.22%	Amerace ESNA Corp	6,178,400	0.22%
Black Oak Golf Club	6,011,900	0.21%	Long Valley Village	6,126,900	0.22%
Columbia Gas Trans.	5,872,300	0.21%	Columbia Gas Transmission	5,872,300	0.21%
Long Valley Shopping Center	4,800,000	0.17%	Regency at Long Valley	5,543,400	0.20%
Total	\$ 95,091,100	3.37%	Total	\$ 99,542,900	3.53%

Source: Municipal Tax Assessor

Note - A revaluation was effective in 2010.

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	
2010	\$ 31,780,156	\$ 31,780,156	100.00%	-0-
2011	31,998,322	31,998,322	100.00%	-0-
2012	32,130,158	32,130,158	100.00%	-0-
2013	31,884,101	31,884,101	100.00%	-0-
2014	32,043,116	32,043,116	100.00%	-0-
2015	32,609,614	32,609,614	100.00%	-0-
2016	33,022,999	33,022,999	100.00%	-0-
2017	33,920,393	33,920,393	100.00%	-0-
2018	36,039,869	36,039,869	100.00%	-0-
2019	36,027,369	36,027,369	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases			
2010	\$ 15,300,000		\$ 1,051,705	\$ 16,351,705	1.26%	\$ 891.78
2011	15,005,000		928,970	15,933,970	1.18%	858.56
2012	14,055,000		885,698	14,940,698	1.05%	800.81
2013	13,070,000		927,427	13,997,427	0.95%	747.13
2014	12,045,000		776,740	12,821,740	0.86%	684.37
2015	10,980,000		1,372,813	12,352,813	0.80%	659.38
2016	9,885,000		1,586,448	11,471,448	0.74%	611.75
2017	8,750,000		1,782,930	10,532,930	0.63%	563.41
2018	7,580,000		1,140,699	8,720,699	0.52%	465.70
2019	6,375,000		978,068	7,353,068	0.42%	399.60

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2010	\$ 15,300,000		\$ 15,300,000	0.471%	\$ 834.42
2011	15,005,000		15,005,000	0.532%	808.50
2012	14,055,000		14,055,000	0.498%	753.34
2013	13,070,000		13,070,000	0.463%	697.62
2014	12,045,000		12,045,000	0.427%	642.64
2015	10,980,000		10,980,000	0.390%	586.10
2016	9,885,000		9,885,000	0.352%	527.14
2017	8,750,000		8,750,000	0.311%	468.04
2018	7,580,000		7,580,000	0.269%	404.78
2019	6,375,000		6,375,000	0.226%	346.45

Source: School District Financial Reports

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2018  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Washington Township	\$ 9,250,830	100.00%	\$ 9,250,830
Morris County General Obligation Debt	216,647,700	3.54%	7,669,329
West Morris Regional High School District	15,223,339	10.31%	<u>1,569,526</u>
Subtotal, overlapping debt			18,489,685
Washington Township School District Direct Debt			<u>6,375,000</u>
Total direct and overlapping debt			<u><u>\$ 24,864,685</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized valuation basis			
	2018	2017	2016	2015
	\$ 2,894,744,060	2,893,287,474	2,887,353,068	\$ 8,675,384,602
	<u>\$ 2,891,794,867</u>			
Average equalized valuation of taxable property				
	86,753,846			
Debt limit (3% of average equalization value)				
	6,375,000			
Net bonded school debt				
	<u>\$ 80,378,846</u>			

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$99,644,935	\$97,770,576	\$94,794,426	\$93,420,817	\$93,645,417	\$84,981,113	\$84,527,266	\$85,247,001	\$86,232,907	\$86,753,846
Total net debt applicable to limit	<u>15,300,000</u>	<u>15,005,000</u>	<u>14,055,000</u>	<u>13,070,000</u>	<u>12,045,000</u>	<u>10,980,000</u>	<u>9,885,000</u>	<u>8,750,000</u>	<u>7,580,000</u>	<u>6,375,000</u>
Legal debt margin	<u>\$84,344,935</u>	<u>\$82,765,576</u>	<u>\$80,739,426</u>	<u>\$80,350,817</u>	<u>\$81,600,417</u>	<u>\$74,001,113</u>	<u>\$74,642,266</u>	<u>\$76,497,001</u>	<u>\$78,652,907</u>	<u>\$80,378,846</u>

Total net debt applicable to the limit as a percentage of debt limit	15.35%	15.35%	14.83%	13.99%	12.86%	12.92%	11.69%	10.26%	8.79%	7.35%
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Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

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



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

Year	Township Population <sup>a</sup>	Morris County Per Capita Personal Income <sup>b</sup>	Township Personal Income (a*b)	Township Unemployment Rate <sup>c</sup>
2010	18,559	\$ 72,780	\$ 1,350,724,020	6.70%
2011	18,657	76,194	1,421,551,458	6.50%
2012	18,735	78,693	1,474,313,355	6.50%
2013	18,743	79,094	1,482,458,842	5.00%
2014	18,734	82,810	1,551,362,540	4.60%
2015	18,752	82,810	1,552,853,120	4.30%
2016	18,695	89,065	1,665,070,175	3.50%
2017	18,726	89,653	1,678,842,078	3.40%
2018	18,401	89,653 *	1,649,704,853	3.20%
2019	18,401 **	89,653 *	1,649,704,853 ***	N/A

\* - Latest Morris County per capita personal income available (2017) was used for calculation purposes.

\*\* - Latest population data available (2018) was used for calculation purposes.

\*\*\* - Latest personal income data available (2018) was used for calculation purposes.

N/A - Information Unavailable

Source:

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

<sup>b</sup> Personal Income by county from the Bureau of Economic Analysis

<sup>c</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

	2019		2010			
	Employer	Employees	Percentage Total	Employer	Employees	Percentage Total
Picatinny Arsenal		6,440	2.55%	Atlantic Health	6,300	N/A
Atlantic Health System		6,350	2.51%	Picatinny Arsenal	3,575	N/A
Novartis		4,607	1.82%	Novartis	3,573	N/A
Bayer		2,800	1.11%	Quest Diagnostics	2,978	N/A
ADP		2,242	0.89%	Securitas	2,602	N/A
Wyndham Worldwide		1,907	0.75%	St Clare's	2,342	N/A
Accenture		1,883	0.74%	County of Morris	2,162	N/A
Honeywell		1,868	0.74%	Kings Super Markets	2,094	N/A
Allergan		1,700	0.67%	ADP	2,019	N/A
St. Clare's Health System		1,544	0.61%	UPS	1,941	N/A
		<u>31,341</u>	<u>12.39%</u>		<u>29,586</u>	<u>N/A</u>
Total Employment *		<u>252,984</u>		Total Employment *	<u>N/A</u>	

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

Source: Morris County Treasurer's Office

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

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	182	160	153	151	146	146	144	142	141	137
Special education	108	113	123	122	115	126	127	128	125	117
Support Services:										
Student & instruction related services	20	20	54	55	56	56	56	57	56	56
School administrative services	20	18	20	20	19	19	19	19	18	18
General administrative services	7	7	7	7	6	5	5	5	5	5
Plant operations and maintenance	26	26	26	26	28	28	28	28	27	28
Pupil transportation	42	38	39	39	38	37	38	38	38	37
Business and other support services	7	7	7	7	6	6	6	6	5	5
Food Service	4	4	4	4	2	1				
<b>Total</b>	<b>416</b>	<b>393</b>	<b>433</b>	<b>431</b>	<b>416</b>	<b>424</b>	<b>423</b>	<b>423</b>	<b>415</b>	<b>403</b>

Source: District Personnel Records

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School					
2010	2,770	\$ 43,218,179	\$15,602	5.16%	235	1:13	1:12	2,738	2,615	-3.08%	95.51%	
2011	2,687	41,257,016	15,354	-1.59%	230	1:13	1:12	2,660	2,543	-2.85%	95.60%	
2012	2,576	42,085,448	16,338	6.40%	219	1:13	1:12	2,549	2,440	-4.17%	95.72%	
2013	2,472	42,769,292	17,301	5.90%	219	1:13	1:12	2,463	2,348	-3.37%	95.33%	
2014	2,357	42,196,875	17,903	3.48%	217	1:13	1:12	2,344	2,236	-4.83%	95.39%	
2015	2,296	43,268,997	18,845	5.27%	216	1:13	1:12	2,280	2,180	-2.73%	95.61%	
2016	2,197	44,872,839	20,425	8.38%	240	1:13	1:12	2,204	2,108	-3.33%	95.64%	
2017	2,078	46,509,994	22,382	9.58%	239	1:13	1:12	2,086	1,998	-5.35%	95.78%	
2018	2,086	48,287,569	23,148	3.42%	236	1:13	1:12	2,067	1,973	-0.91%	95.45%	
2019	2,022	50,278,824	24,866	7.42%	225	1:13	1:12	2,010	1,917	-2.76%	95.37%	

Sources: Washington Township School District records

Note: Enrollment based on annual October district count.

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

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

<u>District Building</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Flocktown-Kossmann School (1969-1979)										
Square Feet	73,550	73,550	73,550	73,550	73,550	73,550	73,550	73,550	73,550	73,550
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	601	576	560	540	501	501	494	466	459	442
Old Farmers School (1969)										
Square Feet	46,140	46,140	46,140	46,140	46,140	46,140	46,140	46,140	46,140	46,140
Capacity (students)	396	396	396	396	396	396	396	396	396	396
Enrollment	457	430	417	392	358	358	329	329	328	307
Long Valley Middle School North and South (1949)										
Square Feet	128,105	128,105	128,105	128,105	128,105	128,105	128,105	128,105	128,105	128,105
Capacity (students)	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190
Enrollment	1,010	996	964	951	892	892	868	797	775	752
Cucinella School (2006)										
Square Feet	98,541	98,541	98,541	98,541	98,541	98,541	98,541	98,541	98,541	98,541
Capacity (students)	748	748	748	748	748	748	748	748	748	748
Enrollment	672	653	602	588	521	521	506	486	496	499
Administration Building (1954)										
Square Feet	4,730	4,730	4,730	4,730	4,730	4,730	4,730	4,730	4,730	4,730

Number of Schools at June 30, 2019  
Elementary = 3  
Middle School = 1  
High School = 0

Source: Washington Township School District Facilities Office

Note: Year of original construction is shown in parentheses.  
Enrollment is based on the annual October district count.

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

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

School Facilities	Projects #	Fiscal Year Ended June 30,									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Board of Education	N/A	\$ 3,225	\$ 2,835	\$ 2,398	\$ 2,787	\$ 2,087	\$ 2,209	\$ 2,480	\$ 2,441	\$ 2,632	\$ 5,050
Flocktown-Kossmann School	N/A	99,676	74,460	137,041	145,230	101,154	201,235	166,131	109,254	119,925	158,161
Old Farmers School	N/A	55,026	49,202	102,161	125,989	107,300	70,634	79,350	90,549	69,913	113,131
Long Valley Middle School	N/A	131,522	117,803	216,711	159,871	285,625	205,021	264,970	280,306	291,753	270,768
Cucinella School	N/A	85,202	71,100	184,312	123,742	88,830	99,014	103,443	128,005	127,412	199,806
<b>Total</b>		<b>\$374,651</b>	<b>\$315,400</b>	<b>\$642,623</b>	<b>\$557,619</b>	<b>\$584,996</b>	<b>\$578,113</b>	<b>\$616,374</b>	<b>\$610,554</b>	<b>\$611,635</b>	<b>\$746,916</b>

Source: Washington Township School District records

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2019  
UNAUDITED

School Package Policy -	<u>Coverage</u>	<u>Deductible</u>
American Alternative Insurance Corp.		
Property - Blanket Building and Contents	\$ 91,715,358	\$ 5,000
Commercial General Liability	1,000,000	
Comprehensive Automotive Liability	1,000,000	
Comprehensive Crime Coverage, Employee Dishonesty	500,000	5,000
Comprehensive Crime Coverage, Forgery or Alteration	250,000	5,000
Comprehensive Crime, Computer Fraud	250,000	5,000
Computer and Scheduled Equipment - American Alternative Insurance Corp		
EDP	Included in Blanket Limit	1,000
Blanket Tools & Equipment	100,000	500
Cameras, Musical Instruments	Included in Blanket Limit	500
Boiler and Machinery - American Alternative Insurance Corp.		
Property Damage	Included in Blanket Limit	5,000
Umbrella Liability		
Umbrella Policy - American Guarantee & Liability Insurance Company	10,000,000	
Excess Liability - Starstone/ Markel (NJUEP)	30,000,000	
School Board Legal Liability -American Alternative Ins. Corp.		
Educator's Legal Liability	1,000,000	5,000
Public Employees' Faithful Performance Blanket Position Bond		
Board Secretary	10,000	
Special Risks		
Flood/Earthquake - American Alternative Insurance Corp.		
Per Property Limit Flood	5,000,000	50,000
Per Property Limit Earthquake	5,000,000	100,000
Volunteers - Berkeley Life and Health Ins. Co.	5,000	
Environmental - ACE American Ins. Co.	1,000,000	10,000
Cyber & Technology - XL Caitlin		
Combined Policy Aggregate Limit	2,000,000	15,000
Morris Essex Insurance Group:		
Worker's Compensation:		
(a) Statutory Benefits	Included	
(b) Employer's Liability	5,000,000	
Supplemental Coverage (optional)	Included	

Source: Washington Township School District Records.

SINGLE AUDIT SECTION





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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Washington Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2019.

**Internal Control Over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**

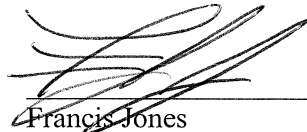
As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

**Purpose of this Report**

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

November 8, 2019  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

  
Francis Jones  
Licensed Public School Accountant #1154  
Certified Public Accountant



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

Independent Auditors' Report

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

**Report on Compliance for Each Major State Program**

We have audited the Board of Education of the Washington Township School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2019. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

### ***Opinion on Each Major State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

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


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

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

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

November 8, 2019  
Mount Arlington, New Jersey

  
NISIVOC CIA LLP

  
Francis Jones

Licensed Public School Accountant #1154  
Certified Public Accountant

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance Accounts Receivable/ (Unearned Revenue) 6/30/18	Cash Received	Budgetary Expenditures	Balance 6/30/19		Amounts Paid to Subrecipients
								Accounts Receivable	Unearned Revenue	
U.S. Department of Agriculture										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
Federal Food Distribution Program	10.550	N/A	7/1/18-6/30/19	\$30,813	\$	\$ 30,813	\$ (27,513)		\$ 3,300	
Federal Food Distribution Program	10.550	N/A	7/1/17-6/30/18	31,356	\$ 1,999		(1,999)			
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	52,186	(4,896)	47,941	(52,186)	\$ (4,245)		
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	51,361	(2,897)	4,896	(81,698)	(4,245)	3,300	
Total Child Nutrition Cluster						83,650	(81,698)	(4,245)	3,300	
Total U.S. Department of Agriculture					(2,897)	83,650	(81,698)	(4,245)	3,300	
Special Revenue Fund:										
U.S. Department of Education										
Passed-through State Department of Education:										
Elementary and Secondary Education Act:										
Title I	84.010A	ESEA552019	7/1/18-6/30/19	38,238		38,238	(38,238)			
Title IIA	84.278A	ESEA552019	7/1/18-6/30/19	27,368		27,368	(27,368)			
Title III Immigrant	84.365A	ESEA552019	7/1/18-6/30/19	1,880		1,880	(1,880)			
Title IV	84.186A	ESEA552019	7/1/18-6/30/19	10,000		10,000	(10,000)			
Total NCLB						77,486	(77,486)			
Special Education Cluster										
I.D.E.A. Part B, Preschool	84.173	PS-5520-19	7/1/18-6/30/19	25,777		25,777	(25,777)			
I.D.E.A. Part B, Basic	84.027	FT-5520-19	7/1/18-6/30/19	501,099		501,099	(501,099)			
Total Special Education Cluster						526,876	(526,876)			
Total Special Revenue Fund/U.S. Department of Education						604,362	(604,362)			
Total Federal Awards					\$ (2,897)	\$688,012	\$ (686,060)	\$ (4,245)	\$ 3,300	\$ -0-

N/A: Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Balance at June 30, 2019		Memo	
				Budgetary Accounts Receivable	Cash Received	Budgetary Expenditures	Cancellation	GAAP Accounts Receivable	Budgetary Receivable
NJ Department of Education:									
General Fund:									
Categorical Special Education Aid	19-495-034-5120-089	7/1/18 - 6/30/19	\$ 1,591,751	\$ (1,591,751)	\$ 1,439,155	\$ (1,591,751)	\$ (1,591,751)	\$ (152,596)	\$ 1,591,751
Categorical Special Education Aid	18-495-034-5120-089	7/1/17 - 6/30/18	1,591,751		156,943				1,591,751
Equalization Aid	19-495-034-5120-078	7/1/18 - 6/30/19	5,580,975	(550,272)	5,045,944	(5,580,975)	(5,580,975)	(535,031)	5,580,975
Equalization Aid	18-495-034-5120-078	7/1/17 - 6/30/18	5,580,975		550,272				5,580,975
Categorical Security Aid	19-495-034-5120-084	7/1/18 - 6/30/19	176,840	(17,436)	159,887	(176,840)	(176,840)	(16,953)	176,840
Categorical Security Aid	18-495-034-5120-084	7/1/17 - 6/30/18	176,840		17,436			(43,860)	176,840
Categorical Transportation Aid	19-495-034-5120-014	7/1/18 - 6/30/19	457,507		413,647	(457,507)			457,507
Categorical Transportation Aid	18-495-034-5120-014	7/1/17 - 6/30/18	288,960	(28,491)	28,491				288,960
Additional Adjustment Aid	18-495-034-5120-085	7/1/17 - 6/30/18	359,036	(35,400)	35,400				359,036
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17 - 6/30/18	22,680	(2,236)	2,236				22,680
PARCC Readiness Aid	18-495-034-5120-098	7/1/17 - 6/30/18	22,680	(2,236)	2,236				22,680
Professional Learning Community Aid	18-495-034-5120-101	7/1/17 - 6/30/18	21,280	(2,098)	2,098				21,280
Non-Public Transportation Aid	19-495-034-5120-014	7/1/18 - 6/30/19	17,400			(17,400)		(17,400)	17,400
Non-Public Transportation Aid	18-495-034-5120-014	7/1/17 - 6/30/18	18,850	(18,850)	18,850				18,850
Extraordinary Aid	19-495-034-5120-044	7/1/18 - 6/30/19	577,858			(577,858)		(577,858)	577,858
Extraordinary Aid - Additional	18-495-034-5120-044	7/1/17 - 6/30/19	2,663		2,663	(2,663)			2,663
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18 - 6/30/19	685,306	(685,306)	685,306				685,306
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17 - 6/30/18	1,393,513		1,319,963	(1,393,513)		(73,550)	1,393,513
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18 - 6/30/19	3,548,023	(64,154)	64,154				3,548,023
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17 - 6/30/18	74,269		74,269				74,269
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18 - 6/30/19	1,643,066		1,643,066	(1,643,066)			1,643,066
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18 - 6/30/19	2,813		2,813	(2,813)			2,813
Total General Fund									
Total NJ Department of Education					15,212,852	(15,066,678)	(668,808)	(1,417,248)	25,130,549
New Jersey Department of Agriculture:									
Food Service Fund:									
State School Lunch Program (State Share)	19-100-010-3350-023	7/1/18 - 6/30/19	4,155		3,819	(4,155)	(336)	(336)	4,155
State School Lunch Program (State Share)	18-100-010-3350-023	7/1/17 - 6/30/18	3,832	(425)	425				3,832
Total NJ Department of Agriculture					4,244	(4,155)	(336)	(336)	7,987

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Cancellation	Balance at June 30, 2019		Memo	Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Budgetary Expenditures				GAAP Accounts Receivable	Budgetary Receivable			
NJ Schools Development Authority: Capital Projects Fund: Security Projects - All Schools	5520-030-14-1003, 1004, 1006, 1007	7/1/13-6/30/19	\$ 471,598	\$ (471,599)				\$ 1	\$ (471,598)			\$ 471,599	
HVAC Project - Floestown	5520-030-13-2002	7/1/13-6/30/19	518,800	(112,233)				(8,473)	(103,760)			518,800	
Air Conditioning Project Old Farmer's Road School	5520-040-14-1005	7/1/13-6/30/19	35,800	(35,800)				(8,472)	(35,800)			35,800	
Total Schools Development Authority				(619,632)					(507,398)			1,026,199	
Total State Awards Subject to Single Audit Determination				<u>\$ (2,183,479)</u>		<u>\$ 15,217,096</u>	<u>\$ (15,070,833)</u>	<u>\$ (8,472)</u>	<u>\$ (1,176,542)</u>			<u>\$ (2,028,742)</u>	<u>\$ 26,164,735</u>
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	3,548,023				3,548,023						
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	74,269				74,269						
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	1,643,066				1,643,066						
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	2,813				2,813						
Subtotal - On-Behalf TPAF Pension System Contributions							<u>5,268,171</u>						
Total State Awards Subject to Single Audit Major Program Determination									<u>\$ (9,802,662)</u>				

N/A Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Washington Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$46,672 for the general fund, \$(6,600) for the special revenue fund and \$507,398 for the capital projects fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects fund.



WASHINGTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 15,113,350	\$ 15,113,350
Special Revenue Fund	\$ 604,362		604,362
Capital Projects Fund		507,398	507,398
Food Service Fund	81,698	4,155	85,853
Total Awards	<u>\$ 686,060</u>	<u>\$ 15,624,903</u>	<u>\$ 16,310,963</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2019. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has several grants awarded in the amount of \$1,026,198 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2019, \$1,026,198 has been expended and \$518,800 has been drawn down and received. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2018 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

<u>State:</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	\$5,580,975	\$ 5,580,975
Categorical Security Aid	19-495-034-5120-084	7/1/18-6/30/19	176,840	176,840
Categorical Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	1,591,751	1,591,751

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Status of Prior Year Findings:

There were no prior year recommendations.