

**SCHOOL DISTRICT**  
**OF**  
**WASHINGTON TOWNSHIP**

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

**Comprehensive Annual Financial Report**  
**For The Fiscal Year Ended June 30, 2015**



# **Comprehensive Annual**

## **Financial Report**

**of the**

**Washington Township School District**

**Board of Education**

**Washington, New Jersey**

**For the Fiscal Year Ending June 30, 2015**

**Prepared by**

**Washington Township School District**

**Board of Education**

**Finance Department**



# OUTLINE OF CAFR

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# Introductory Section



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

Jean Flynn  
Business Administrator/  
/ Board Secretary  
908-689-1119 x606

District Central Office  
Old Schoolhouse  
One East Front Street  
Washington, NJ 07882  
908-689-1119  
Roger A. Jinks, Superintendent

Maureen Miller  
Administrative Assistant  
Executive Secretary  
908-689-1119 x605

November 16, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Washington Township School District (District) for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels PreK through 6. These include regular, as well as special education for handicapped youngsters. The District completed the 2013-2015 fiscal year with an enrollment of 548 students, which is 52 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Resident Enrollment  
6/30/xx

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
6/30/14	548	8.7% decrease
6/30/13	600	0.6% decrease
6/30/12	604	1.7% decrease
6/30/11	615	5.0% decrease
6/30/10	651	.8% increase
6/30/09	646	.9 % decrease
6/30/08	652	3.7% decrease
6/30/07	677	.7% increase
6/30/06	672	-
6/30/05	669	3.7% decrease

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

**3. MAJOR INITIATIVES:** Our District recently completed the first year of PARCC assessments under New Jersey's state assessment program. To prepare for PARCC the District first had to upgrade its technology equipment to support the requirements of the PARCC assessments. The District upgraded its Wi-Fi infrastructure by purchasing and installing new access points in Port Colden and Brass Castle schools along with increasing the district's internet bandwidth. The District purchased additional iPads, iPad keyboards and headphones to support the PARCC assessments.

To support teachers in preparing for PARCC, the district sponsored several in-service programs. Teachers received training on Common Core curriculum shifts, PARCC technology tools and PARCC testing administration.

New curricular programs were implemented in Language Arts to prepare students for the rigors of the Common Core and PARCC assessments. The District purchased *SuperKids* for grades K-2 and *Reading Wonders* for grades 3 & 4. Additional novels were acquired for students in grades 5 & 6. In addition to supporting students with new curriculum materials, MAP and DIBELS benchmark assessments were utilized to identify students' strengths and weaknesses. These results were used to provide targeted support in the classrooms and in pull out programs.

Realizing the rigors of the Common Core and the need for early literacy development the District implemented a new full day kindergarten program. This program allowed students the opportunity to better adjust to the academic requirements of kindergarten and become better prepared for first grade.

**4. INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of

reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

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

**7. FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service revenues for the fiscal year ended June 30, 2015 and the amount and percentage of increases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Local Sources	\$5,837,267	59.43%	\$ 187,978	3.33%
State Sources	3,757,656	38.26%	229,343	6.50%
Federal Sources	<u>227,518</u>	<u>2.32%</u>	<u>(12,463)</u>	<u>-5.19%</u>
Total	\$9,822,441	100.00%	\$ 404,858	4.30%
	=====	=====	=====	=====

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2015 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Current expense:				
Instruction	\$3,776,016	38.65%	\$ 204,760	5.73%
Undistributed Expenditures	<u>5,442,130</u>	<u>55.70%</u>	<u>(19,402)</u>	<u>-0.36%</u>
Total	\$9,032,788	94.35%	\$ 185,358	2.05%
Capital Outlay	287,306	2.94%	172,273	149.76%
Special Revenue	<u>265,053</u>	<u>2.71%</u>	<u>(28,190)</u>	<u>-9.61%</u>
Total	<u>\$9,770,505</u>	<u>100.00%</u>	<u>\$ 329,441</u>	<u>3.49%</u>

**8. DEBT ADMINISTRATION:** At June 30, 2015, the District's had no outstanding debt issues.

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

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

**11. OTHER INFORMATION:**

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

**12. ACKNOWLEDGMENTS:**

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

Respectfully submitted

Signature: \_\_\_\_\_

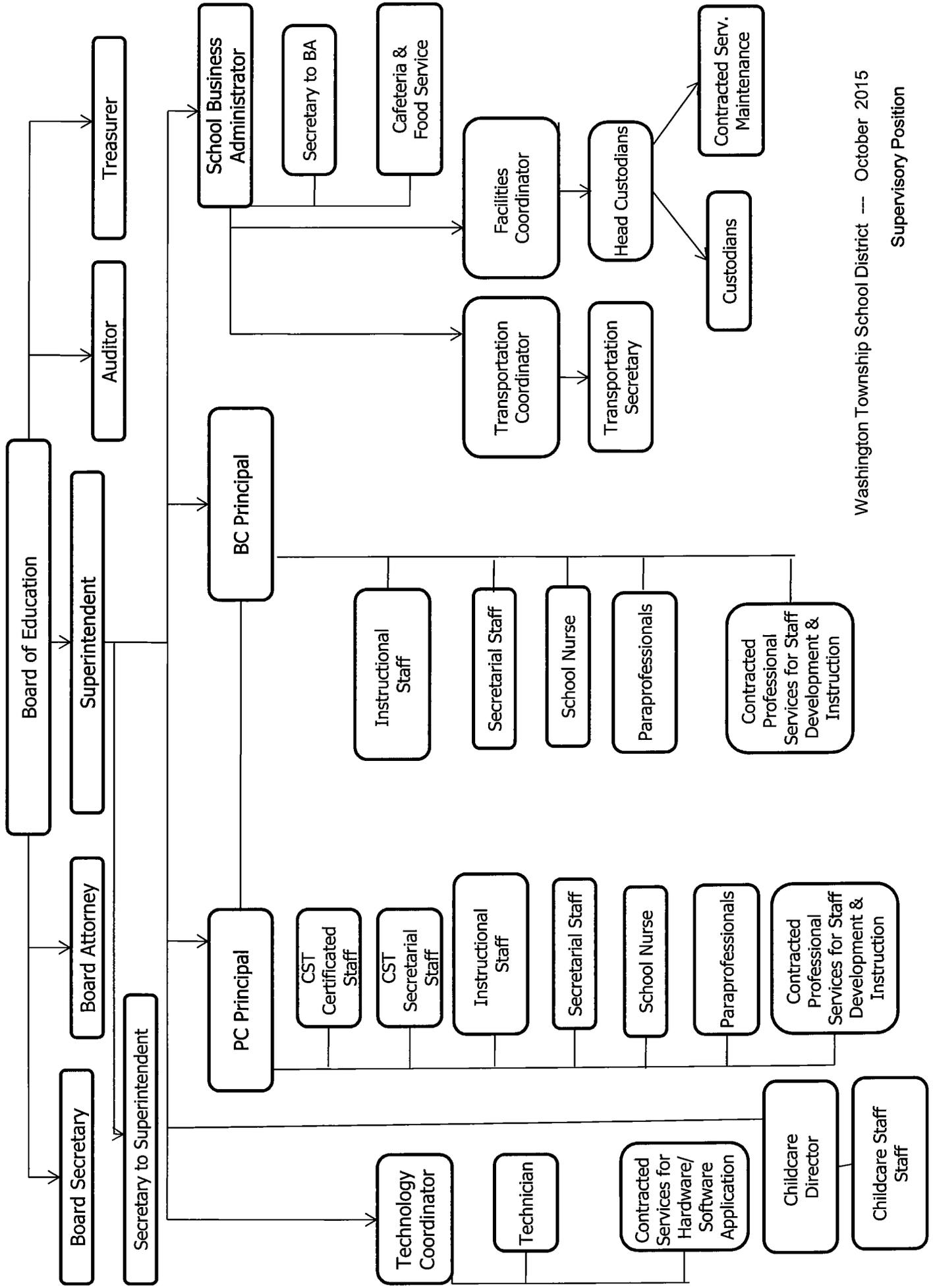


Business Administrator

Signature: \_\_\_\_\_



Superintendent/CSA



**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**June 30, 2015**

**Members of the Board of Education**

**Term Expires**

Karen Graf, President	2016
Anita Smith, Vice-President	2016
Sally Christine	2015
Joesph Armstead	2015
Laura Schlaffer	2017
Jude Mohan	2017
John Trush	2015

**Other Officials**

Keith T. Neuhs, Superintendent  
Jean Flynn, Board Secretary/School Business Administrator  
James Miller, Treasurer  
Nathana Simon, Attorney

**WASHINGTON TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**ARCHITECT**

**Gianforaro  
Architects-Engineers-Planners  
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**AUDIT FIRM**

**Ardito & Co., LLP  
1110 Harrison Street, Suite C  
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**ATTORNEY**

**Schwartz, Simon, Edelstein, & Celso  
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Whippany, Ne Jersey 07981**

**OFFICIAL DEPOSITORY**

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

# Financial Section

# Independent Auditor's Report



## **ARDITO & Co., LLP**

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

### **Independent Auditor's Report**

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

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

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Washington Township School District Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

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

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

-Continued-

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Washington Township School District Board of Education, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's circulars 04-04 and 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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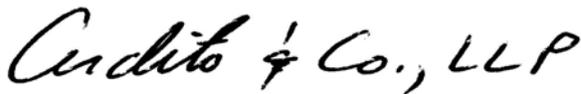
The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, on our consideration of the Washington Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP  
November 16, 2015



Licensed Public School Accountant No. 2369

**Required Supplementary Information -  
Part I**

**Management's Discussion and Analysis**

WASHINGTON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

The discussion and analysis of Washington Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2015 are as follows:

- ◆ In total, Net Position increased \$191,167 which represents a 9582.3% increase from 2014.
- ◆ General revenues accounted for \$5,743,551 in revenue or 51.9% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$5,327,097 or 48.1% of total revenues of \$11,070,648.
- ◆ Total assets of governmental activities increased by \$212,726, as cash and cash equivalents increased by \$201,716, receivables decreased by \$76,907, and capital assets increased by \$90,679.
- ◆ The School District had \$10,879,481 in expenses; only \$5,327,097 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,743,551 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$9,460,000 in revenues and \$9,276,062 in expenditures. The General Fund's surplus balance increased \$56,630 over 2014, which compares favorably to the budgeted decrease of \$205,500.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

**Governmental Funds**

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District’s Net Position for 2015 compared to 2014.

**Table 1  
Net Position**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current and Other Assets	\$ 690,443	\$ 568,396
Capital Assets	<u>2,361,405</u>	<u>2,270,726</u>
<b>Total Assets</b>	<u>3,051,848</u>	<u>2,839,122</u>
<b>Deferred Outflows of Resources</b>	<u>194,813</u>	<u>114,379</u>
<b>Liabilities</b>		
Long-Term Liabilities	63,980	52,560
Other Liabilities	<u>2,644,234</u>	<u>2,898,946</u>
<b>Total Liabilities</b>	<u>2,708,214</u>	<u>2,951,506</u>
<b>Deferred Inflows of Resources</b>	<u>345,285</u>	<u>-</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	2,361,405	2,270,726
Restricted	374,032	375,417
Unrestricted	<u>(2,542,275)</u>	<u>(2,644,148)</u>
<b>Total Net Position</b>	<u>\$ 193,162</u>	<u>\$ 1,995</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

Total assets of governmental activities increased by \$212,726, as cash and cash equivalents increased by \$201,716, receivables decreased by \$76,907, and capital assets increased by \$90,679.

The cash increase was mainly due operational efficiency towards budget and collections of receivables, net of capital addition spending. The increase in capital assets was due to the Brass Castle School roof replacement and other technology and maintenance equipment acquisitions, net of depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2014.

**Table 2**  
**Changes in Net Position**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 272,711	\$ 218,484
Operating Grants and Contributions	5,054,386	3,815,155
General Revenues:		
Property Taxes	5,732,086	5,549,331
Investment Earnings	1,635	1,666
Other	<u>9,830</u>	<u>7,791</u>
<b>Total Revenues</b>	<u>11,070,648</u>	<u>9,592,427</u>
<b>Program Expenses</b>		
Instruction	5,782,513	4,972,612
Support Services:		
Tuition	1,265	22,033
Pupils and Instructional Staff	2,006,126	1,831,853
General Administration, School Administration, Business	1,179,273	1,118,536
Operations and Maintenance of Facilities	997,818	871,468
Pupil Transportation	601,967	577,586
Business-Type Activities	192,885	183,380
Interest and Fiscal Charges	<u>117,634</u>	<u>111,475</u>
<b>Total Expenses</b>	<u>10,879,481</u>	<u>9,688,943</u>
Increase in Net Position	<u>\$ 191,167</u>	<u>\$ (96,516)</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 51.8% percent of revenues for governmental activities for the Washington Township School District for the fiscal year 2015.

Instruction comprises 53.2% of district expenses. Support services expenses make up 44.0% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	\$ 5,782,513	\$ 3,024,936	\$4,972,612	\$2,960,570
Support Services:				
Tuition	1,265	710	22,033	13,881
Pupils and Instructional Staff	2,006,126	986,999	1,831,853	1,033,692
General Admin., School Admin., Business	1,179,273	662,110	1,118,536	704,708
Operation and Maintenance of Facilities	997,818	560,232	871,468	549,048
Pupil Transportation	601,967	244,262	577,586	273,394
Business-Type Activities	192,885	(44,499)	183,380	8,536
Interest and Fiscal Charges	<u>117,634</u>	<u>117,634</u>	<u>111,475</u>	<u>111,475</u>
<b>Total Expenses</b>	<u>\$ 10,879,481</u>	<u>\$ 5,552,384</u>	<u>\$ 9,688,943</u>	<u>\$ 5,655,304</u>

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

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

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

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

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

The dependence upon tax revenues is apparent. Over 52.3% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 51.3%. The community, as a whole, is the primary support for the Washington Township School District.

**The School District's Funds**

Information about the School District's major funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$9,822,441 and expenditures of \$9,770,505. The General Fund's surplus balance increased \$56,630 over 2014, which compares favorably to the budgeted decrease of \$205,500.

**General Fund Budgeting Highlights**

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

During the course of the fiscal 2015 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$8,553,096, \$57,884 over original budgeted estimates of \$8,495,212. This difference was due primarily to an increases in extraordinary aid and other transportation revenue.

General fund revenues exceeded expenditures by \$63,686. Again this surplus compares to a budgeted deficit of \$205,500, which was due to the budgeted use of capital reserve needed to fund the roof and tractor purchases in the 2014-2015 budget. The budgeted deficit was reduced due budget cost savings, as well as decreased capital roof costs over original estimates.

Overall general fund balance (budget basis) was \$816,374, and amounts ear-marked and reserved for future purposes were \$565,452, creating a surplus in unreserved fund balance of \$250,922. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

**Capital Assets**

At the end of the fiscal year 2015, the School District had \$2,361,405 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2015 balances compared to 2014.

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

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

	<u>2015</u>	<u>2014</u>
Land	\$ 24,507	\$ 24,507
Land Improvements	16,464	18,682
Buildings and Improvements	2,064,100	1,918,991
Machinery and Equipment	<u>256,334</u>	<u>308,546</u>
 Totals	 <u>\$ 2,361,405</u>	 <u>\$ 2,270,726</u>

Overall capital assets increased \$90,679 from fiscal year 2014 to fiscal year 2015. The increase in capital assets was due to capital additions, net of depreciation expense for the year.

Capital improvements of \$287,306 were purchased during fiscal year 2015. This includes the Brass Castle roof project as well as maintenance and technology equipment.

**Debt Administration**

At June 30, 2015, the School District had \$63,980 as outstanding long term debt. Of this amount, \$63,980 is for compensated absences.

At June 30, 2015, the School District’s overall legal debt margin was \$22,458,961 and the unvoted debt margin was the same.

**For the Future**

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

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

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

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



# Basic Financial Statements

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2015

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES		
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 348,265	\$ 71,710	\$	419,975
Receivables, Net	255,102	4,782		259,884
Interfund Receivable	9,782			9,782
Inventory		802		802
Capital Assets, Net (Note 6):	2,361,405			2,361,405
<b>Total Assets</b>	<b>2,974,554</b>	<b>77,294</b>		<b>3,051,848</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Deferred Outflows		194,813		194,813
<b>LIABILITIES</b>				
Accounts Payable	19,842			19,842
Interfund Payable		9,782		9,782
Unearned Revenue	33,419	93		33,512
Net Pension Liability (Note 8)	2,581,098			2,581,098
Noncurrent Liabilities (Note 7):				
Due Within One Year				
Due Beyond One Year	63,980			63,980
<b>Total Liabilities</b>	<b>2,698,339</b>	<b>9,875</b>		<b>2,708,214</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Deferred Inflows		345,285		345,285
<b>NET POSITION</b>				
Invested in Capital Assets, Net of Related Debt	2,361,405			2,361,405
Restricted for:				
Capital Reserve	239,729			239,729
Maintenance Reserve	134,303			134,303
Other	-			-
Unrestricted	(2,609,694)	67,419		(2,542,275)
<b>Total Net Position</b>	<b>\$ 125,743</b>	<b>\$ 67,419</b>	<b>\$</b>	<b>193,162</b>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

**STATEMENT OF ACTIVITIES**  
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 4,265,097		\$ 2,092,124		\$ (2,172,973)	\$ (2,172,973)
Special Education	1,051,588		461,167		(590,421)	(590,421)
Other Special Instruction	465,828		204,286		(261,542)	(261,542)
Support Services:						
Tuition	1,265		555		(710)	(710)
Student & Instruction Related Services	2,006,126		1,019,127		(986,999)	(986,999)
School Administrative Services	437,543		191,882		(245,661)	(245,661)
General and Business Admin. Services	741,730		325,281		(416,449)	(416,449)
Plant Operations and Maintenance	997,818		437,586		(560,232)	(560,232)
Pupil Transportation	601,967	\$ 93,716	263,989		(244,262)	(244,262)
Unallocated Depreciation	117,634				(117,634)	(117,634)
Total Governmental Activities	10,686,596	93,716	4,995,997		(5,596,883)	(5,596,883)
Business-Type Activities:						
Child Care	61,562	95,607			\$ 34,045	34,045
Food Service	131,323	83,388	58,389		10,454	10,454
Total Business-Type Activities	192,885	178,995	58,389	-	-	44,499
<b>Total Primary Government</b>	<b>\$ 10,879,481</b>	<b>\$ 272,711</b>	<b>\$ 5,054,386</b>		<b>\$ (5,596,883)</b>	<b>\$ 44,499</b>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 5,732,086		\$ 5,732,086
Investment Earnings				1,635	\$ -	1,635
Miscellaneous Income				9,830		9,830
Total General Revenues, Special Items, Extraor. Items & Transfers				5,743,551	-	5,743,551
Change in Net Position				146,668	\$ 44,499	191,167
Net Position—Beginning (As Restated)				(20,925)	22,920	1,995
Net Position—Ending				<b>\$ 125,743</b>	<b>\$ 67,419</b>	<b>\$ 193,162</b>

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

## **FUND FINANCIAL STATEMENTS**

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



WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 348,265		\$ 348,265
Interfund Receivable	84,607		84,607
Other Receivables	28,633		28,633
Receivables from Other Governments	98,383	\$ 128,086	226,469
<b>TOTAL ASSETS</b>	<b>\$ 559,888</b>	<b>\$ 128,086</b>	<b>\$ 687,974</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Interfund Payable		\$ 74,825	\$ 74,825
Due to State		19,842	19,842
Unearned Revenue		33,419	33,419
<b>Total Liabilities</b>	<b>-</b>	<b>128,086</b>	<b>128,086</b>
<b>Fund Balances:</b>			
<u>Restricted for:</u>			
Capital Reserve Account	\$ 239,729		239,729
Maintenance Reserve	134,303		134,303
<u>Assigned to:</u>			
Year-End Encumbrances	191,420		191,420
<u>Unassigned:</u>			
Capital Projects Fund			-
General Fund - Undesignated	(5,564)		(5,564)
<b>Total Fund Balances</b>	<b>559,888</b>		<b>559,888</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 559,888</b>	<b>\$ 128,086</b>	<b>\$ 687,974</b>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,220,201 and the accumulated depreciation is \$3,858,796.	\$ 2,361,405
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8)	194,813
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8)	(345,285)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)	(2,581,098)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).	(63,980)
Net Position of governmental activities	\$ 125,743

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
<b>Local sources:</b>				
Local Tax Levy	\$ 5,732,086			\$ 5,732,086
Other Local Governmental Units-Unrestricted	93,716			93,716
Interest Earned on Capital Reserve Funds	-			-
Miscellaneous	10,075	\$ 1,390		11,465
<b>Total - Local Sources</b>	<b>5,835,877</b>	<b>1,390</b>	<b>-</b>	<b>5,837,267</b>
<b>State Sources</b>	<b>3,624,123</b>	<b>36,145</b>	<b>\$ 97,388</b>	<b>3,757,656</b>
<b>Federal Sources</b>		<b>227,518</b>		<b>227,518</b>
<b>Total Revenues</b>	<b>9,460,000</b>	<b>265,053</b>	<b>97,388</b>	<b>9,822,441</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Regular Instruction	2,738,241	125,699		2,863,940
Special Education Instruction	719,191			719,191
Other Special Instruction	318,584			318,584
Support services and undistributed costs:				
Tuition	865			865
Student and Instruction Related Services	1,232,654	139,354		1,372,008
School Administrative Services	275,281			275,281
Other Administrative Services	507,276			507,276
Plant Operations and Maintenance	668,962			668,962
Pupil Transportation	411,691			411,691
Unallocated Benefits	2,345,401			2,345,401
Transfer to Charter School	-			-
<b>Capital Outlay</b>	<b>57,916</b>		<b>229,390</b>	<b>287,306</b>
<b>Total Expenditures</b>	<b>9,276,062</b>	<b>265,053</b>	<b>229,390</b>	<b>9,770,505</b>
Excess (Deficiency) of Revenues Over Expenditures	183,938		(132,002)	51,936
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - Capital Projects Fund	(127,308)		127,308	-
<b>Total Other Financing Sources and Uses</b>	<b>(127,308)</b>		<b>127,308</b>	<b>-</b>
Net Change in Fund Balances	56,630		(4,694)	51,936
Fund Balance—July 1	503,258		4,694	507,952
<b>Fund Balance—June 30</b>	<b>\$ 559,888</b>		<b>-</b>	<b>\$ 559,888</b>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ 51,936

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

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

Depreciation Expense	\$ (196,627)	
Capital Outlays	<u>287,306</u>	90,679

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

15,473

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

(11,420)

**Change in Net Position of Governmental Activities**

**\$ 146,668**

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION  
 PROPRIETARY FUNDS

June 30, 2015

	Business-Type Activities- Enterprise Funds		
	<u>Food Service</u>	<u>Child Care</u>	<u>Totals</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and Cash Equivalents	\$ 13,863	\$ 57,847	\$ 71,710
Accounts Receivable	4,782		4,782
Inventories	802		802
<b>Total Current Assets</b>	<b>19,447</b>	<b>57,847</b>	<b>77,294</b>
<b>Noncurrent Assets:</b>			
Furniture, Machinery and Equipment	71,500		71,500
Less Accumulated Depreciation	(71,500)		(71,500)
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>19,447</b>	<b>57,847</b>	<b>77,294</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts Payable	-		-
Due Current Fund	9,782		9,782
Deferred Revenue	93		93
<b>Total Current Liabilities</b>	<b>9,875</b>	<b>-</b>	<b>9,875</b>
<b>Total Liabilities</b>	<b>9,875</b>	<b>-</b>	<b>9,875</b>
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt	-	-	-
Unrestricted	9,572	57,847	67,419
<b>Total Net Position</b>	<b>\$ 9,572</b>	<b>\$ 57,847</b>	<b>\$ 67,419</b>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
**PROPRIETARY FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities-		
	Enterprise Fund		
	Food Service	Child Care	Total Enterprise
<b>Operating Revenues:</b>			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 67,366		\$ 67,366
Daily Sales - Non-Reimb. Programs	13,538		13,538
Miscellaneous	2,484	\$ 95,607	98,091
<b>Total Operating Revenues</b>	<b>83,388</b>	<b>95,607</b>	<b>178,995</b>
<b>Operating Expenses:</b>			
Cost of Sales	71,377		71,377
Salaries	38,156	47,682	85,838
Employee Benefits	10,002	8,948	18,950
Other Purchased Professional Services	8,989	4,932	13,921
Miscellaneous	2,799		2,799
Depreciation			
<b>Total Operating Expenses</b>	<b>131,323</b>	<b>61,562</b>	<b>192,885</b>
Operating Income (Loss)	(47,935)	34,045	(13,890)
<b>Nonoperating Revenues (Expenses):</b>			
State Sources:			
State School Lunch Program	1,788		1,788
Federal Sources:			
National School Lunch Program	48,024		48,024
Food Distribution Program	8,577		8,577
Interest Income			
<b>Total Nonoperating Revenues (Expenses)</b>	<b>58,389</b>		<b>58,389</b>
Change in Net Position	10,454	34,045	44,499
Total Net Position—Beginning	(882)	23,802	22,920
<b>Total Net Position—Ending</b>	<b>\$ 9,572</b>	<b>\$ 57,847</b>	<b>\$ 67,419</b>

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

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2015

	<b>Business-Type Activities- Enterprise Funds</b>		
	<b><u>Food Service</u></b>	<b><u>Child Care</u></b>	<b><u>Total Enterprise</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 83,388	\$ 95,607	\$ 178,995
Payments to Employees	(38,156)	(47,682)	(85,838)
Payments for Employee Benefits	(10,002)	(8,948)	(18,950)
Payments to Suppliers	(74,772)	(4,932)	(79,704)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>(39,542)</b>	<b>34,045</b>	<b>(5,497)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	1,739		1,739
Federal Sources	46,598		46,598
Operating Transfers to Other Funds	3,379	-	3,379
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>51,716</b>	<b>-</b>	<b>51,716</b>
Net Increase (Decrease) in Cash and Cash Equivalents	12,174	34,045	46,219
Balances—Beginning of Year	1,689	23,802	25,491
<b>Balances—End of Year</b>	<b>\$ 13,863</b>	<b>\$ 57,847</b>	<b>\$ 71,710</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (47,935)	\$ 34,045	\$ (13,890)
Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	-		-
Federal Commodities	8,577		8,577
Interest Income			-
(Increase) Decrease in Accounts Receivable	(1,473)		(1,473)
(Increase) Decrease in Inventories	2,762		2,762
Increase (Decrease) in Accounts Payable	(1,473)		(1,473)
Total Adjustments	8,393	-	8,393
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>\$ (39,542)</b>	<b>\$ 34,045</b>	<b>\$ (5,497)</b>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

June 30, 2015

		<b>Unemployment Compensation <u>Trust</u></b>	<b>Agency <u>Fund</u></b>
	<b>ASSETS</b>		
Cash and Cash Equivalents		\$ 128,963	\$ 72,342
	<b>Total Assets</b>	<b><u>128,963</u></b>	<b><u>72,342</u></b>
	<b>LIABILITIES</b>		
Accounts Payable			48,366
Payable to Student Groups			21,740
	<b>Total Liabilities</b>		<b><u>70,106</u></b>
	<b>NET POSITION</b>		
Held in Trust for Unemployment Claims & Other Purposes		<b><u>\$ 128,963</u></b>	<b><u>\$ 2,236</u></b>

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

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

For the Year Ended June 30, 2015

	<b>Unemployment Compensation <u>Trust</u></b>
<b>ADDITIONS</b>	
Investment Earnings:	
Interest	\$ 194
Net Investment Earnings	<u>194</u>
<b>Total Additions</b>	<b><u>10,345</u></b>
<b>DEDUCTIONS</b>	
Unemployment Claims	<u>16,402</u>
<b>Total Deductions</b>	<b><u>16,402</u></b>
Change in Net Position	(6,057)
Net Position—Beginning of the Year	<u>135,020</u>
<b>Net Position—End of the Year</b>	<b><u>\$ 128,963</u></b>

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

# Notes to Financial Statements



WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, and GAASB No. 68, Accounting for Pensions, and amendment of GASB No. 27. The implementation of these statements effected net position balances as previously reported for the fiscal year ended June 30, 2014 as noted in Note 20.

**A. Reporting Entity:**

The Washington Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Washington Township School District had an approximate enrollment at June 30, 2015, of 522 students.

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting:**

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

**Basis of Presentation**

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

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

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

**GOVERNMENTAL FUNDS**

The District reports the following governmental funds:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**GOVERNMENTAL FUNDS (Continued)**

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

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

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

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Additionally, the District reports the following fund type:

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

**Measurement Focus - Basis of Accounting**

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

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

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgets/Budgetary Control:**

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

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

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

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

**D. Encumbrance Accounting:**

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

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

**Interfund Transactions:**

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

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

**Inventories:**

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

**Allowance for Uncollectible Accounts:**

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

**Capital Assets:**

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

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

**Compensated Absences:**

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

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

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

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

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

**Accrued Liabilities and Long-Term Obligations:**

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Net Position:**

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

**Fund Balance Reserves:**

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

**Revenues—Exchange and Nonexchange Transactions**

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

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Operating Revenues and Expenses:**

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

**Allocation of Indirect Expenses:**

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

**Extraordinary and Special Items:**

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

**Management Estimates:**

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2015, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (B-7)</u>	<u>Total</u>
Checking Accounts	\$ 419,975	\$ 201,305	\$ 621,280
	<u>\$ 419,975</u>	<u>\$ 201,305</u>	<u>\$ 621,280</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$621,280 and the bank balance was \$468,170. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$468,170 was covered by collateral pool.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2015, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$ 98,383	\$ 98,554
Federal Aid	128,086	132,697
Local - Insurance Claim	<u>28,633</u>	<u>28,633</u>
Gross Receivable	\$ 255,102	\$ 259,884
Less: Allow. for Uncollectibles		
Total Receivables, Net	<u><u>\$ 255,102</u></u>	<u><u>\$ 259,884</u></u>

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2015, consisted of the following:

Food	<u>\$802</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 5: DEFERRED BOND ISSUANCE COSTS**

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 6: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 24,507			\$ 24,507
Total Capital Assets Not Being Depreciated	24,507			24,507
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	184,641			184,641
Buildings and Building Improvements	4,217,385	\$ 229,390		4,446,775
Machinery and Equipment	1,506,362	57,916		1,564,278
Total at Historical Cost	5,932,895	287,306		6,220,201
Less Accumulated Depreciation for:				
Land Improvements	(165,959)	(2,218)		(168,177)
Building and Improvements	(2,298,394)	(84,281)		(2,382,675)
Equipment	(1,197,816)	(110,128)		(1,307,944)
Total Accumulated Depreciation	(3,662,169)	(196,627)		(3,858,796)
	2,270,726	90,679		2,361,405
<b>Government Activity Capital Assets, Net</b>	<b>\$ 2,270,726</b>	<b>\$ 90,679</b>		<b>\$ 2,361,405</b>

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 41,579
School Administrative Services	23,959
Plant Operation and Maintenance	13,455
Unallocated	117,634
Total	<u>\$ 196,627</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 7: LONG-TERM OBLIGATIONS**

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

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2015, are as follows:

	Balance <u>7/1/14</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/15</u>	Amounts Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Compensated Absences Payable	\$52,560	\$12,900	(\$1,480)	\$63,980	
<b>Total</b>	<b>\$52,560</b>	<b>\$12,900</b>	<b>(\$1,480)</b>	<b>\$63,980</b>	

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

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

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

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

For the year ended June 30, 2015, it is not necessary for the Board to establish a liability for arbitrage rebate.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 7: LONG-TERM OBLIGATIONS (Continued)**

**B. Debt Service Requirements:**

As of June 30, 2015, there are no outstanding debt obligations.

As of June 30, 2015, the District had no authorized but not issued bonds.

**NOTE 8: PENSION PLANS**

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

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

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$23,047,511 as measured on June 30, 2014 and \$21,385,336 as measured on June 30, 2013.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

*For the year ended June 30, 2015, the District recognized pension expense of \$1,240,172 and revenue of \$1,240,172 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2015 is based upon changes in the collective net pension liability with a measurement period of June 30, 2013 through June 30, 2014. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2013 and June 30, 2014.*

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

	<u>6/30/2013</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	-	\$2,306,623,861
Collective deferred inflows of resources	-	\$1,763,205,593
Collective net pension liability (Nonemployer-State of New Jersey)	\$50,539,213,484	\$53,446,745,367
State's portion of the net pension liability that was associated with the district	\$21,385,336	\$23,047,511
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.042314%	0.043122%

*Actuarial assumptions* - The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.5%
Salary Increases:	Varies based on experience
Investment Rate of Return:	7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds / Absolute Retn	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

*Discount rate.* The discount rate used to measure the State's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* Since the District's has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf15.pdf>

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

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

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

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

At June 30, 2015, the District reported a liability of \$2,581,098 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. At June 30, 2014, the District's proportion was 0.01379% which was a decrease of 0.00119 from its proportion measured as of June 30, 2013.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

For the year ended June 30, 2015, the District recognized pension expense of \$98,176. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	-
Changes of assumptions	\$ 81,164	
Net difference between projected and actual earnings on pension plan investments		\$ 153,819
Changes in proportion and differences between District contributions and proportionate share of contributions		191,466
District contributions subsequent to the measurement date	113,649	
Total	<u>\$ 194,813</u>	<u>\$ 345,285</u>

\$113,649 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>	
	2015	(\$85,556)
	2016	(\$85,556)
	2017	(\$85,556)
	2018	(\$85,556)
	2019	\$54,237
	Thereafter	<u>\$23,864</u>
	Total	<u>(\$264,121)</u>
	<u>6/30/2013</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	-	\$ 952,194,675
Collective deferred inflows of resources	-	1,479,224,662
Collective net pension liability (Non State - Local Group)	\$19,111,986,911	\$18,722,735,003
District's portion of net pension liability	\$2,861,422	\$2,581,098
District's proportion %	0.01497187%	0.01378590%

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

*Actuarial assumptions.* The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3.01%
Salary Increases:	
2012-2012	2.15%-4.40% based on age
Therafter	3.15%-5.40% based on age
Investment Rate of Return:	7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

*Discount rate.* The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, 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 net pension liability measured as of June 30, 2014, calculated using the discount rate of 5.39%, 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 (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(4.39%)</u>	<u>(5.39%)</u>	<u>(6.39%)</u>
District's proportionate share of the net pension liability	\$ 3,247,109	\$ 2,581,098	\$ 2,021,818

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

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

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

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

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

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

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

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2015	\$113,649	100 %	-0-
6/30/2014	\$113,481	100	-0-
6/30/2013	\$118,664	100	-0-

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2015	\$229,349	100 %	-0-
6/30/2014	\$182,425	100	-0-
6/30/2013	\$273,414	100	-0-

During the fiscal year ended June 30, 2015, the State of New Jersey did contribute \$593,440 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$320,520 during the year ended June 30, 2015, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 9: POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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

**NOTE 10: DEFERRED COMPENSATION**

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

Lincoln Investment Planning  
LIP  
Legend  
Oppenheimer Shareholder

**NOTE 11: COMPENSATED ABSENCES**

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 11: COMPENSATED ABSENCES-(Continued)**

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, no liability existed for compensated absences in the proprietary fund types.

**NOTE 12: RISK MANAGEMENT**

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$194	\$10,151	\$16,402	\$128,963
2013-2014	\$189	\$9,469	\$3,407	\$135,020
2012-2013	\$27,737	\$18,233	\$6,148	\$128,769

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 13: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

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

**LITIGATION**

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

**NOTE 14: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$559,888 General Fund fund balance at June 30, 2015, \$239,729 has been reserved in the Capital Reserve Account; \$134,303 has been reserved in the Maintenance Reserve Account; \$191,420 is reserved for encumbrances; and, (\$5,564) is unreserved and undesignated.

**NOTE 15: CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$0.

**NOTE 16: CAPITAL RESERVE ACCOUNT**

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 16: CAPITAL RESERVE ACCOUNT-(Continued)**

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$322,114
Budgeted Withdrawal	(142,385)
Deposits (PL 2007 c.62 (A1)) ; Board Resolution: June 8, 2015	60,000
Ending Balance, June 30, 2015	<u><u>\$239,729</u></u>

**NOTE 17: MAINTENANCE RESERVE ACCOUNT**

A Maintenance Reserve account was established by the School District Board of Education in fiscal year 2015, for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance July 1, 2014	\$ 53,303
Withdrawal - Approved	(30,000)
Deposits (PL 2007 c.62 (A1)) ; Board Resolution: June 8, 2015	111,000
Ending balance June 30, 2015	<u><u>\$ 134,303</u></u>

**NOTE 18: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2015:

	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
General Fund	\$ 84,607	-
Food Service Fund		9,782
Special Revenue Fund		74,825
	<u><u>\$ 84,607</u></u>	<u><u>\$ 84,607</u></u>

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

The interfund payable in the food service fund is due to the general fund for cash advances to cover federal and state lunch reimbursements that have not yet been received.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 19: RETROACTIVE RESTATEMENT OF NET POSITION**

**Restatement of Prior Period:**

The District adopted GASB No. 68 *-Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27* during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the district to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the district was adjusted to reflect the beginning balance of the net pension liability. Since the measurement date of the net pension liability is June 30, 2014 (as described in Note 8), the restatement adjustments to Net Position relate to the *beginning* net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71 *-Pension Transition for Contributions Made Subsequent to the Measurement Date*, The district restated its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

As an ongoing process of maintaining records in accordance with GASB#34, the district conducted a physical appraisal of capital assets as of June 30, 2015. The appraisal revealed asset activity that that should be recorded as of June 30, 2014. Accordingly, a restatement of Net Position as of June 30, 2014 was necessary.

Governmental Activities Net Position:

Net Position (per A-1), June 30, 2014	\$ 2,642,377
Restatement of Capital Assets	83,741
Restatement of Net Pension Liability	(2,861,422)
Restatement of Deferred Outflows-Pension	<u>114,379</u>
Net Position (per A-1), June 30, 2015, as Restated	<u>\$ (20,925)</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 5,732,086		\$ 5,732,086	\$ 5,732,086	\$ -
Other Local Governmental Units-Unrestricted	81,716	\$ 12,000	93,716	93,716	-
Interest Earned on Capital Reserve Funds					-
Miscellaneous	2,000		2,000	10,075	8,075
<b>Total - Local Sources</b>	<b>5,815,802</b>	<b>12,000</b>	<b>5,827,802</b>	<b>5,835,877</b>	<b>8,075</b>
<b>State Sources:</b>					
Equalization Aid	1,702,476		1,702,476	1,702,476	
Transportation Aid	258,367		258,367	258,367	
Special Education Aid	329,211		329,211	329,211	
Security Aid	47,406		47,406	47,406	
Adjustment Aid	286,365		286,365	286,365	
PARCC Readiness Grant	4,950		4,950	4,950	
Per Pupil Growth Aid	4,950		4,950	4,950	
Other State Aid	45,685	36,176	81,861	83,494	1,633
TPAF Pension (On-Behalf - Non-Budgeted)				229,349	229,349
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				364,091	364,091
TPAF Social Security (Reimbursed - Non-Budgeted)				320,520	320,520
<b>Total State Sources</b>	<b>2,679,410</b>	<b>36,176</b>	<b>2,715,586</b>	<b>3,631,179</b>	<b>915,593</b>
<b>TOTAL REVENUES</b>	<b>8,495,212</b>	<b>48,176</b>	<b>8,543,388</b>	<b>9,467,056</b>	<b>923,668</b>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	305,719	(75,705)	230,014	229,774	240
Grades 1-5 - Salaries of Teachers	1,926,118	(102,211)	1,823,907	1,823,291	616
Grades 6-8 - Salaries of Teachers	452,231	(3,782)	448,449	448,328	121
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	1,000	3,581	4,581	4,460	121
<b>Regular Programs - Undistributed Instruction</b>					
Purchased Professional-Educational Services	3,050	(1,578)	1,472	1,472	
Purchased Technical Services	2,000	(500)	1,500	401	1,099
Other Purchased Services (400-500 series)	12,500	(268)	12,232	10,148	2,084
General Supplies	96,988	46,521	143,509	123,003	20,506
Textbooks		107,390	107,390	97,364	10,026
Other Objects	10,095	(10,095)			
<b>TOTAL REG. PROGRAMS - INSTRUCTION</b>	<b>2,809,701</b>	<b>(36,647)</b>	<b>2,773,054</b>	<b>2,738,241</b>	<b>34,813</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	124,237	(25,000)	99,237	99,147	90
Other Salaries for Instruction	9,527	9,000	18,527	18,223	304
General Supplies	100		100	100	
<b>Total Resource Room/Resource Center</b>	<b>133,864</b>	<b>(16,000)</b>	<b>117,864</b>	<b>117,470</b>	<b>394</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	460,359	19,761	480,120	480,118	2
<b>Total Resource Room/Resource Center</b>	<b>460,359</b>	<b>19,761</b>	<b>480,120</b>	<b>480,118</b>	<b>2</b>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	89,223	(110)	89,113	88,923	190
Other Salaries for Instruction	32,826	(3,280)	29,546	29,545	1
General Supplies	100	(82)	18		18
<b>Total Preschool Disabilities - Part-Time</b>	<b>122,149</b>	<b>(3,472)</b>	<b>118,677</b>	<b>118,468</b>	<b>209</b>
<b>Home Instruction:</b>					
Salaries of Teachers	1,000	2,223	3,223	3,135	88
<b>Total Home Instruction</b>	<b>1,000</b>	<b>2,223</b>	<b>3,223</b>	<b>3,135</b>	<b>88</b>
<b>TOTAL SPECIAL ED. - INSTRUCTION</b>	<b>717,372</b>	<b>2,512</b>	<b>719,884</b>	<b>719,191</b>	<b>693</b>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	235,776	56,214	291,990	291,990	
General Supplies	500	477	977	977	
<b>Total Basic Skills/Remedial - Instruction</b>	<b>236,276</b>	<b>56,691</b>	<b>292,967</b>	<b>292,967</b>	
<b>School Spon.Co/Extra Curricular Actvts.-Instruction:</b>					
Salaries	17,100		17,100	15,800	1,300
General Supplies	200		200		200
<b>Total School Spon.Co/Extra Curricular Actvts.-Instruction</b>	<b>17,300</b>		<b>17,300</b>	<b>15,800</b>	<b>1,500</b>
<b>Summer School - Instruction:</b>					
Salaries of Teachers	10,300	(1,721)	8,579	8,579	
Other Salaries for Instruction	1,900	(662)	1,238	1,238	
<b>Total Summer School - Instruction</b>	<b>12,200</b>	<b>(2,383)</b>	<b>9,817</b>	<b>9,817</b>	
<b>TOTAL INSTRUCTION</b>	<b>3,792,849</b>	<b>20,173</b>	<b>3,813,022</b>	<b>3,776,016</b>	<b>37,006</b>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Special		2,695	2,695		2,695
Tuition to CSSD & Regional Day Schools		865	865	865	
<b>Total Undistributed Expenditures - Instruction</b>		<b>3,560</b>	<b>3,560</b>	<b>865</b>	<b>2,695</b>
<b>Health Services:</b>					
Salaries	121,467	8,519	129,986	128,713	1,273
Purchased Professional and Technical Services	2,500	1,500	4,000	4,000	
Supplies and Materials	4,000	(1,160)	2,840	2,732	108
<b>Total Health Services</b>	<b>127,967</b>	<b>8,859</b>	<b>136,826</b>	<b>135,445</b>	<b>1,381</b>
<b>Other Supp. Services Students-Related Serv.:</b>					
Salaries	105,942	(15,000)	90,942	90,586	356
Purchased Professional - Educational Services	92,750	61,678	154,428	128,185	26,243
Misc. Purchased Services (400-500 series)	500		500		500
Supplies and Materials	1,100	(1,100)			
<b>Total Other Supp. Serv. Students-Related Serv.</b>	<b>200,292</b>	<b>45,578</b>	<b>245,870</b>	<b>218,771</b>	<b>27,099</b>
<b>Other Supp. Services Students-Extra.Services:</b>					
Salaries	477,853	(33,864)	443,989	443,438	551
<b>Total Other Supp. Services Students-Extra.Services</b>	<b>477,853</b>	<b>(33,864)</b>	<b>443,989</b>	<b>443,438</b>	<b>551</b>
<b>Other Supp. Services Students-Regular:</b>					
Salaries of Other Professional Staff	40,180	3,481	43,661	43,540	121
Misc. Purchased Services (400-500 series)	200		200		200
Supplies and Materials	400		400	140	260
<b>Total Other Supp. Services Students-Regular</b>	<b>40,780</b>	<b>3,481</b>	<b>44,261</b>	<b>43,680</b>	<b>581</b>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	236,696	6,597	243,293	242,612	681
Salaries of Secretarial and Clerical Assistants	31,285	3	31,288	30,488	800
Other Purchased Professional and Technical Services	3,000		3,000		3,000
Misc. Purchased Services (400-500 series O/than Resid.Costs)	500	160	660	258	402
Supplies and Materials	400	16	416	100	316
<b>Total Other Supp. Services Students-Special</b>	<b>271,881</b>	<b>6,776</b>	<b>278,657</b>	<b>273,458</b>	<b>5,199</b>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Improvement of Instruction Services:</b>					
Salaries of Other Professional Staff	4,050		4,050	2,808	1,242
Purchased Professional - Educational Services		16,000	16,000	229	15,771
<b>Total Improvement of Instruction Services</b>	<b>4,050</b>	<b>16,000</b>	<b>20,050</b>	<b>3,037</b>	<b>17,013</b>
<b>Educational Media Services/School Library:</b>					
Salaries	98,015	(6,480)	91,535	91,374	161
Purchased Professional - Technical Services	8,210	(27)	8,183	1,950	6,233
Supplies and Materials	15,200	15	15,215	12,618	2,597
Other Objects		27	27		27
<b>Total Educational Media Services/School Library</b>	<b>121,425</b>	<b>(6,465)</b>	<b>114,960</b>	<b>105,942</b>	<b>9,018</b>
<b>Instructional Staff Training Services:</b>					
Other Purchased Services (400-500 series)	15,000	450	15,450	8,883	6,567
<b>Total Instructional Staff Training Services</b>	<b>15,000</b>	<b>450</b>	<b>15,450</b>	<b>8,883</b>	<b>6,567</b>
<b>Supp. Services - General Administration:</b>					
Salaries	187,931	(4,682)	183,249	181,568	1,681
Legal Services	5,000	25,950	30,950	17,607	13,343
Audit Fees	14,800	(369)	14,431	14,431	
Other Purchased Professional Services	13,225	7,070	20,295	18,735	1,560
Communications/Telephone	26,000	(4,479)	21,521	16,033	5,488
Other Purchased Services (400-500 series)	20,500	(5,225)	15,275	15,274	1
General Supplies	3,000	1,048	4,048	3,473	575
Judgements		12,000	12,000	12,000	
Miscellaneous Expenditures	7,000	(4,426)	2,574	2,076	498
BOE Membership Dues and Fees	5,500	2,715	8,215	8,215	
<b>Total Supp. Services - General Administration</b>	<b>282,956</b>	<b>29,602</b>	<b>312,558</b>	<b>289,412</b>	<b>23,146</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	170,692	(11,967)	158,725	157,808	917
Salaries of Other Professional Staff	2,000		2,000	2,000	
Salaries of Secretarial and Clerical Assistants	116,606	(9,094)	107,512	104,900	2,612
Supplies and Materials	11,200	2,666	13,866	9,538	4,328
Other Objects	2,700	410	3,110	1,035	2,075
<b>Total Support Services - School Administration</b>	<b>303,198</b>	<b>(17,985)</b>	<b>285,213</b>	<b>275,281</b>	<b>9,932</b>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Central Services:</b>					
Salaries	126,569	983	127,552	127,484	68
Purchased Professional Services	1,100		1,100	1,045	55
Miscellaneous Purchased Services (400-500 series)	3,300	(983)	2,317	2,250	67
Supplies and Materials	2,500	400	2,900	2,722	178
Miscellaneous Expenditures	1,500	(400)	1,100	639	461
<b>Total Central Services</b>	<b>134,969</b>		<b>134,969</b>	<b>134,140</b>	<b>829</b>
<b>Admin. Info.Tech.:</b>					
Salaries	56,981	1	56,982	56,981	1
Purchased Technical Services	32,650	(5,816)	26,834	26,533	301
Supplies and Materials	1,000	(285)	715	210	505
<b>Total Admin. Info.Tech.</b>	<b>90,631</b>	<b>(6,100)</b>	<b>84,531</b>	<b>83,724</b>	<b>807</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	20,000	(15,329)	4,671	3,043	1,628
Cleaning, Repair and Maintenance Services	92,675	96,657	189,332	182,227	7,105
General Supplies	18,400	(5,510)	12,890	8,472	4,418
Other Objects	1,000	62	1,062	474	
<b>Total Required Maintenance for School Facilities</b>	<b>132,075</b>	<b>75,880</b>	<b>207,955</b>	<b>194,216</b>	<b>13,739</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	240,574		240,574	239,383	1,191
Cleaning, Repair and Maintenance Services	32,100	(6,731)	25,369	20,552	4,817
Other Purchased Property Services	9,500	1,032	10,532	9,639	893
Insurance	22,950	1,671	24,621	24,621	
Miscellaneous Purchased Services	200	(50)	150	75	75
General Supplies	20,000	9,766	29,766	21,068	8,698
Energy (Heat and Electricity)	115,000	4,950	119,950	111,463	8,487
<b>Total Other Operations and Maintenance of Plant</b>	<b>440,324</b>	<b>10,638</b>	<b>450,962</b>	<b>426,801</b>	<b>24,161</b>
<b>Security:</b>					
Purchased Professional and Technical Services	48,000		48,000	47,945	55
<b>Total Security</b>	<b>48,000</b>		<b>48,000</b>	<b>47,945</b>	<b>55</b>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>Student Transportation Services</b>					
Salaries of Non-Instructional Aides	6,861	(6,861)			
Salaries for Pupil Transpor.(Between Home & School)-Regular	67,459	(2,284)	65,175	65,174	1
Other Purchased Professional - Technical Services	2,000	900	2,900	2,900	
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	17,680	(3,712)	13,968	13,967	1
Contracted Services (Other than Bet. Home and Sch.)-Vendors	2,000	1,731	3,731	3,730	1
Contracted Services (Bet. Home and School)-Joint Agreements	259,494	269	259,763	237,119	22,644
Contracted Services (Special Education Students)-Vendors	21,000	28,921	49,921	49,917	4
Contracted Services (Special Education Students)-Joint Agrmnts.	31,467	33	31,500	28,320	3,180
Supplies and Materials	4,200	485	4,685	4,556	129
Other Objects	2,000	4,544	6,544	6,008	536
<b>Total Student Transportation Services</b>	<b>414,161</b>	<b>24,026</b>	<b>438,187</b>	<b>411,691</b>	<b>26,496</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	105,000	26,100	131,100	125,999	5,101
Other Retirement Contributions-Regular PERS	120,000	(6,351)	113,649	113,649	
Other Retirement Contributions-ERIP	6,000	2,696	8,696	8,694	2
Unemployment Compensation					
Workmen's Compensation	57,200	(1,514)	55,686	55,686	
Health Benefits	1,146,928	(71,788)	1,075,140	986,912	88,228
Tuition Reimbursement	25,000	2,070	27,070	15,643	11,427
Other Employee Benefits	101,950	30,304	132,254	124,858	7,396
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>1,562,078</b>	<b>(18,483)</b>	<b>1,543,595</b>	<b>1,431,441</b>	<b>112,154</b>
On-behalf TPAF pension Contrib. (non-budgeted)				229,349	(229,349)
On-behalf TPAF PRM Contrib. (non-budgeted)				364,091	(364,091)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				320,520	(320,520)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>913,960</b>	<b>(913,960)</b>
<b>TOTAL PERSONAL SERV.-EMPLOYEE BENEFITS</b>	<b>1,562,078</b>	<b>(18,483)</b>	<b>1,543,595</b>	<b>2,345,401</b>	<b>(801,806)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>4,667,640</b>	<b>141,953</b>	<b>4,809,593</b>	<b>5,442,130</b>	<b>(632,537)</b>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>8,460,489</b>	<b>162,126</b>	<b>8,622,615</b>	<b>9,218,146</b>	<b>(595,531)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment:</b>					
Undistributed Expenditures-Non-Instr Serv.	34,723		34,723	29,411	5,312
Undistributed Expenditures-Equip for Req. Maint. For Sch. Fac.		91,261	91,261	28,505	62,756
<b>Total Equipment</b>	<b>34,723</b>	<b>91,261</b>	<b>125,984</b>	<b>57,916</b>	<b>68,068</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>34,723</b>	<b>91,261</b>	<b>125,984</b>	<b>57,916</b>	<b>68,068</b>
Transfer to Charter School		4,093	4,093		4,093
<b>TOTAL EXPENDITURES</b>	<b>8,495,212</b>	<b>257,480</b>	<b>8,752,692</b>	<b>9,276,062</b>	<b>(523,370)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		(209,304)	(209,304)	190,994	400,298
<b>Other Financing Sources:</b>					
<b>Operating Transfer (In)/Out:</b>					
Capital Reserve - Transfer to Capital Projects	205,500	(72,192)	133,308	127,308	6,000
<b>Total Other Financing Sources:</b>	<b>205,500</b>	<b>(72,192)</b>	<b>133,308</b>	<b>127,308</b>	<b>6,000</b>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(205,500)	(137,112)	(342,612)	63,686	394,298
<b>Fund Balance, July 1</b>	752,688		752,688	752,688	
<b>Fund Balance, June 30</b>	<b>\$ 547,188</b>	<b>\$ (137,112)</b>	<b>\$ 410,076</b>	<b>\$ 816,374</b>	<b>\$ 394,298</b>
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				\$ 239,729	
Maintenance Reserve				134,303	
<b>Assigned to:</b>					
Year-End Encumbrances				191,420	
<b>Unassigned:</b>					
Unrestricted Fund Balance				<u>250,922</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				816,374	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				<u>(256,486)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ 559,888</u>	



WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2015

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Local Sources		\$ 1,716	\$ 1,716	\$ 894	\$ (822)
State Sources	\$ 42,500	5,165	47,665	47,665	-
Federal Sources	190,000	42,922	232,922	219,836	(13,086)
<b>Total Revenues</b>	<b>232,500</b>	<b>49,803</b>	<b>282,303</b>	<b>268,395</b>	<b>(13,908)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	23,000	4,155	27,155	27,155	
Purchased Professional and Technical Services	26,500	12,806	39,306	39,256	50
Tuition		48,091	48,091	48,091	
General Supplies	67,000	(52,391)	14,609	14,284	325
Textbooks	6,000	1,313	7,313	7,313	
<b>Total Instruction</b>	<b>122,500</b>	<b>13,974</b>	<b>136,474</b>	<b>136,099</b>	<b>375</b>
<b>Support Services</b>					
Personal Services - Employee Benefits	7,000	(1,135)	5,865	5,865	
Purchased Professional and Technical Services	13,000	11,617	24,617	11,856	12,761
Purchased Professional Educational Services	85,000	8,665	93,665	93,665	
Other Purchased Services	5,000	3,258	8,258	8,258	
Supplies & Materials		13,424	13,424	12,652	772
<b>Total Support Services</b>	<b>110,000</b>	<b>35,829</b>	<b>145,829</b>	<b>132,296</b>	<b>13,533</b>
<b>Total Expenditures</b>	<b>\$ 232,500</b>	<b>\$ 49,803</b>	<b>\$ 282,303</b>	<b>\$ 268,395</b>	<b>\$ 13,908</b>
<b>Total Outflows</b>	<b>\$ 232,500</b>	<b>\$ 49,803</b>	<b>\$ 282,303</b>	<b>\$ 268,395</b>	<b>\$ 13,908</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>	<u>None</u>				
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis	<u>None</u>				
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>	<u>None</u>				

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-3

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2015

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 9,467,056	\$ 268,395
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	14,818
Current Year Encumbrances	N/A	(18,160)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	249,430	N/A
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	(256,486)	N/A
	<u>\$ 9,460,000</u>	<u>\$ 265,053</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 9,276,062	\$ 268,395
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	14,818
Current Year Encumbrances	N/A	(18,160)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	N/A	N/A
	<u>\$ 9,276,062</u>	<u>\$ 265,053</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 9,276,062</u>	<u>\$ 265,053</u>

**Washington Township School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Last Ten Fiscal Years \***

**Exhibit L-3**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
District's proportion of the net pension liability (asset) **	N/A	N/A								
District's proportionate share of the net pension liability (asset) **	N/A	N/A								
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 23,047,511</u>	<u>\$ 21,385,336</u>								
Total	<u>\$ 23,047,511</u>	<u>\$ 21,385,336</u>								
District's covered employee payroll	\$ 4,229,000	\$ 4,356,381								
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A								
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%								

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

**Exhibit L-1**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
District's proportion of the net pension liability (asset)	0.013785904%	0.014971872%								
District's proportionate share of the net pension liability (asset)	<u>\$ 2,581,098</u>	<u>\$ 2,861,422</u>								
District's covered employee payroll	\$ 1,424,061	\$ 1,283,928								
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	181.25%	222.86%								
Plan fiduciary net position as a percentage of the total pension liability (Local)	52.08%	48.72%								

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

**Washington Township School District  
Schedule of District Contributions  
Last Ten Fiscal Years \***

**Exhibit L-2**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractually required contribution **	N/A	N/A								
Contributions in relation to the contractually required contribution **	N/A	N/A								
Contribution deficiency (excess)	N/A	N/A								
District's covered employee payroll	\$ 4,229,000	\$ 4,356,381								
Contributions as a percentage of covered-employee payroll	N/A	N/A								

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

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractually required contribution	\$ 113,481	\$ 118,664								
Contributions in relation to the contractually required contribution	<u>(113,481)</u>	<u>(118,664)</u>								
Contribution deficiency (excess)	<u>-</u>	<u>-</u>								
District's covered employee payroll	\$ 1,424,061	\$ 1,283,928								
Contributions as a percentage of covered-employee payroll	7.97%	9.24%								

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Pension Schedules**

For the Fiscal Year Ended June 30, 2015

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

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

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

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

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

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



**OTHER SUPPLEMENTARY INFORMATION**

<p style="text-align: center;"><b>SPECIAL REVENUE FUND DETAIL STATEMENTS</b></p>
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The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2015

	<b>Title I Part A</b>	<b>Title II Part A</b>	<b>IDEA Basic</b>	<b>IDEA Preschool</b>	<b>Non- Public Textbook</b>	<b>Non- Public Nursing</b>	<b>Non- Public Tech</b>	<b>Non- Public Speech</b>	<b>Non- Public Aux. Comp Ed.</b>	<b>Non- Public Handicap Exam</b>	<b>Non- Public Handicap Supplem.</b>	<b>Local</b>	<b>Totals</b>
<b>REVENUES</b>													
Local Sources												\$ 894	\$ 894
State Sources					\$ 7,313	\$ 11,856	\$ 3,490	\$ 4,418	\$ 11,377	\$ 8,819	\$ 392		47,665
Federal Sources	\$ 34,885	\$ 13,132	\$ 160,772	\$ 11,047									219,836
<b>TOTAL REVENUES</b>	<b>34,885</b>	<b>13,132</b>	<b>160,772</b>	<b>11,047</b>	<b>7,313</b>	<b>11,856</b>	<b>3,490</b>	<b>4,418</b>	<b>11,377</b>	<b>8,819</b>	<b>392</b>	<b>894</b>	<b>268,395</b>
<b>EXPENDITURES:</b>													
<b>Instruction:</b>													
Salaries of Teachers	27,155												27,155
Purchased Profess. & Tech. Serv.			13,600					4,418	11,377	8,819	392	650	39,256
Tuition			48,091										48,091
General Supplies	1,865		8,929				3,490						14,284
Textbooks					7,313								7,313
<b>Total Instruction</b>	<b>29,020</b>	<b>-</b>	<b>70,620</b>		<b>7,313</b>	<b>-</b>	<b>3,490</b>	<b>4,418</b>	<b>11,377</b>	<b>8,819</b>	<b>392</b>	<b>650</b>	<b>136,099</b>
<b>Support Services:</b>													
Personal Services-Employee Bene.	5,865												5,865
Purchased Profess. & Tech Svcs						11,856							11,856
Purchased Profess. Educ. Svcs		3,874	78,744	11,047									93,665
Other Purchased Services		8,258											8,258
Supplies and Materials		1,000	11,408									244	12,652
<b>Total Support Services</b>	<b>5,865</b>	<b>13,132</b>	<b>90,152</b>	<b>11,047</b>	<b>-</b>	<b>11,856</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>244</b>	<b>132,296</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 34,885</b>	<b>\$ 13,132</b>	<b>\$ 160,772</b>	<b>\$ 11,047</b>	<b>\$ 7,313</b>	<b>\$ 11,856</b>	<b>\$ 3,490</b>	<b>\$ 4,418</b>	<b>\$ 11,377</b>	<b>\$ 8,819</b>	<b>\$ 392</b>	<b>\$ 894</b>	<b>\$ 268,395</b>
<b>Total Outflows</b>	<b>\$ 34,885</b>	<b>\$ 13,132</b>	<b>\$ 160,772</b>	<b>\$ 11,047</b>	<b>\$ 7,313</b>	<b>\$ 11,856</b>	<b>\$ 3,490</b>	<b>\$ 4,418</b>	<b>\$ 11,377</b>	<b>\$ 8,819</b>	<b>\$ 392</b>	<b>\$ 894</b>	<b>\$ 268,395</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>													

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2015

	<b><u>Original Date</u></b>	<b><u>Approval</u></b>	<b><u>Original Appropriations</u></b>	<b><u>Revised Appropriations</u></b>	<b><u>Expenditures to Date</u></b>		<b><u>Unexpended Balance June 30, 2015</u></b>
					<b><u>Prior Years</u></b>	<b><u>Current Year</u></b>	
Partial Roof Project	6/16/14	Board of Education	\$ 367,150	\$ 146,083	\$ 14,081	\$ 132,002	-
Brass Castle School	12/19/14	State of New Jersey-SDA Grant	146,860	97,388		97,388	-
				<u>\$ 243,471</u>	<u>\$ 14,081</u>	<u>\$ 229,390</u>	<u>-</u>
Fund Balance June 30, 2015							<u>-</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

**CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE-BUDGETARY BASIS**

For the Fiscal Year Ended June 30, 2015

**Revenues and Other Financing**

**Sources**

SDA Grant	\$ 97,388
Transfer from Capital Reserve	127,308
Total Revenues	<u>224,696</u>

**Expenditures and Other Financing**

**Sources**

Architectural Fees	4,694
Construction Services	224,696
Total Expenditures	<u>\$ 229,390</u>

Excess(deficiency) of revenues over(under) expenditures	(4,694)
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Fund Balance - Beginning	<u>4,694</u>
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Fund Balance - Ending	<u><u>-</u></u>
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WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

**CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
BRASS CASTLE PARTIAL ROOF REPLACEMENT**

From Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant		\$ 97,388	\$ 97,388	\$ 97,388
Transfers from Capital Reserve	\$ 18,775	127,308	146,083	146,083
Total Revenues	<u>18,775</u>	<u>224,696</u>	<u>243,471</u>	<u>243,471</u>
<b>Expenditures and Other Financing Sources</b>				
Architectural Fees	14,081	4,694	18,775	18,775
Construction Services		224,696	224,696	224,696
Total Expenditures	<u>\$ 14,081</u>	<u>\$ 229,390</u>	<u>\$ 243,471</u>	<u>\$ 243,471</u>
Excess(deficiency) of revenues over(under) expenditures	<u>4,694</u>	<u>(4,694)</u>	<u>-</u>	

Project Fund Balance, 6/30/15 \$ -

**Additional project information:**

Project Number	#5530-040-14-1001 (G2UN)
Grant Date	12/19/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$367,150
Additional Authorized Cost	-\$123,679
Revised Authorized Cost	\$243,471
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	12/31/14
Revised Target Completion Date	6/30/15

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

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

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

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

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

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

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

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

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



WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2015**

	UNEMPLOYMENT	STUDENT	AGENCY FUNDS		TOTALS
	COMPENSATION		SCHOOL	PAYROLL	
	INSURANCE	ACTIVITY	HOUSE FUND	AGENCY	
	TRUST				
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$128,963	\$ 21,740	\$2,236	\$ 48,366	\$ 201,305
<b>TOTAL ASSETS</b>	<b>128,963</b>	<b>21,740</b>	<b>2,236</b>	<b>48,366</b>	<b>201,305</b>
<b>LIABILITIES:</b>					
Liabilities:					
Accounts Payable				48,366	48,366
Payable to Student Groups		21,740			21,740
<b>Total Liabilities</b>		<b>21,740</b>		<b>48,366</b>	<b>70,106</b>
<b>NET POSITION</b>					
Held in Trust for School Restoration			2,236		2,236
Held in Trust for Unemployment					
Claims and Other Purposes	128,963				128,963
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$128,963</b>	<b>\$ 21,740</b>	<b>\$2,236</b>	<b>\$ 48,366</b>	<b>\$ 201,305</b>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2015

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	<u>TOTALS</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	-	-
Plan Member	\$ 10,151	\$ 10,151
Total Contributions	<u>10,151</u>	<u>10,151</u>
Investment Earnings:		
Interest	\$ 194	\$ 194
Net Investment Earnings	<u>194</u>	<u>194</u>
<b>Total Additions</b>	<b><u>10,345</u></b>	<b><u>10,345</u></b>
<b>DEDUCTIONS</b>		
Unemployment Claims	<u>16,402</u>	<u>16,402</u>
<b>Total Deductions</b>	<b><u>16,402</u></b>	<b><u>16,402</u></b>
Change in Net Position	<u>(6,057)</u>	<u>(6,057)</u>
Net Position—Beginning of the Year	<u>135,020</u>	<u>135,020</u>
<b>Net Position—End of the Year</b>	<b><u>\$ 128,963</u></b>	<b><u>\$ 128,963</u></b>

## WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
STUDENT ACTIVITY AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>ACTIVITY</u>	<u>BALANCE July 1, 2014</u>	<u>TRANSFERS</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE June 30, 2015</u>
Interest Income	-		\$ 440	\$ 282	\$ 158
Class Trips	\$ 8,352		19,670	25,921	2,101
Stokes Trip	(1,129)		7,084	11,350	(5,395)
6th Grade - NYC	10,136		24,265	19,982	14,419
Publishing Co.	57		769	831	(5)
Family Assistance	1,001		400	83	1,318
Port Colden	3,673		351	48	3,976
Brass Castle	5,023		145		5,168
<b>Totals</b>	<b>\$ 27,113</b>	<b>-</b>	<b>\$ 53,124</b>	<b>\$ 58,497</b>	<b>\$ 21,740</b>

WASHINGTON TOWNSHIP SCHOOL DISTRICT  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**PAYROLL AGENCY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Exhibit H-4**

	<u>BALANCE</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u>
	<u>July 1, 2014</u>			<u>June 30, 2015</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 8,571	\$ 6,121,509	\$ 6,081,714	\$ 48,366
<b>Total Assets</b>	<u>\$ 8,571</u>	<u>\$ 6,121,509</u>	<u>\$ 6,081,714</u>	<u>\$ 48,366</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	-	\$ 2,380,219	\$ 2,380,219	-
Accounts Payable	\$ 8,571	48,366	\$ 8,571	\$ 48,366
Accrued Net Payroll	-	3,692,924	3,692,924	-
<b>Total Liabilities</b>	<u>\$ 8,571</u>	<u>\$ 6,121,509</u>	<u>\$ 6,081,714</u>	<u>\$ 48,366</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-5

**SCHEDULE OF ACTIVITY  
PORT COLDEN SCHOOL HOUSE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>PORT COLDEN SCHOOL HOUSE FUND</b>
<b>ADDITIONS</b>	
Investment Earnings:	
Interest	\$ <u>3</u>
Net Investment Earnings	<u>3</u>
<b>Total Additions</b>	<b><u>3</u></b>
<b>DEDUCTIONS</b>	
<b>Total Deductions</b>	<b><u>-</u></b>
Change in Net Position	3
Net Position—Beginning of the Year	<u>2,233</u>
<b>Net Position—End of the Year</b>	<b><u>\$ 2,236</u></b>

## **LONG-TERM DEBT SCHEDULES**

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

N/A

Washington Township School District  
**Statistical Section**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	91-96
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	97-100
<b>Debt Capacity (J-10 thru J-13)</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	101-104
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	105-106
<b>Operating Information (J-16 thru J-20)</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	107-111

**Sources:**

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



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

*(accrual basis of accounting)*

**Exhibit J-1**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 1,695,399	\$ 2,175,663	\$ 240,766	\$ 2,861,484	\$ 2,932,168	\$ 3,088,135	\$ 2,919,400	\$ 2,949,487	\$ 2,186,985	\$ 2,361,405
Restricted	397,685	591,169	843,169	262,026	108,626	451,341	547,888	263,739	375,417	374,032
Unrestricted	243,319	554,801	320,338	463,549	690,421	183,978	273,494	205,474	79,975	(2,609,694)
<b>Total governmental activities net position</b>	<u>\$ 2,336,403</u>	<u>\$ 3,321,633</u>	<u>\$ 1,404,273</u>	<u>\$ 3,587,059</u>	<u>\$ 3,731,215</u>	<u>\$ 3,723,454</u>	<u>\$ 3,740,782</u>	<u>\$ 3,418,700</u>	<u>\$ 2,642,377</u>	<u>\$ 125,743</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 12,203	\$ 7,823	\$ 3,443						\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	12,137	7,407	28,240	\$ 43,107	\$ 59,359	\$ 68,513	\$ 20,746	\$ 31,456	\$ 22,920	\$ 67,419
<b>Total business-type activities net position</b>	<u>\$ 24,340</u>	<u>\$ 15,230</u>	<u>\$ 31,683</u>	<u>\$ 43,107</u>	<u>\$ 59,359</u>	<u>\$ 68,513</u>	<u>\$ 20,746</u>	<u>\$ 31,456</u>	<u>\$ 22,920</u>	<u>\$ 67,419</u>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 1,707,602	\$ 2,183,486	\$ 2,044,209	\$ 2,861,484	\$ 2,932,168	\$ 3,088,135	\$ 2,919,400	\$ 2,949,487	\$ 2,186,985	\$ 2,361,405
Restricted	397,685	591,169	843,169	262,026	108,626	451,341	547,888	263,739	375,417	374,032
Unrestricted	255,456	562,211	348,578	506,656	749,780	252,491	294,240	236,930	102,895	(2,542,275)
<b>Total district net position</b>	<u>\$ 2,360,743</u>	<u>\$ 3,336,866</u>	<u>\$ 3,235,956</u>	<u>\$ 3,630,166</u>	<u>\$ 3,790,574</u>	<u>\$ 3,791,967</u>	<u>\$ 3,761,528</u>	<u>\$ 3,450,156</u>	<u>\$ 2,665,297</u>	<u>\$ 193,162</u>

Source: CAFR Schedule A-1

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

**Exhibit J-2**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 3,197,796	\$ 3,380,622	\$ 3,546,670	\$ 3,326,943	\$ 3,820,901	\$ 3,681,459	\$ 3,713,834	\$ 4,036,063	\$ 3,715,671	\$ 4,265,097
Special education	656,937	652,181	818,657	748,356	857,460	723,499	892,181	859,000	855,316	1,051,588
Other special education	69,153	176,579	242,910	296,009	287,136	364,604	321,802	441,030	401,625	465,828
Support Services:										
Tuition	81,078	84,735	107,759	24,823	3,450	-	3,938	-	22,033	1,265
Student & instruction related services	1,584,360	1,664,902	1,753,010	1,576,498	1,534,277	1,589,623	1,739,413	1,780,001	1,831,853	2,006,126
General administrative services	575,941	593,256	594,291	569,845	590,094	584,792	661,965	656,101	708,319	741,730
School administrative services	347,602	420,628	430,165	412,428	455,652	452,437	458,119	467,760	410,217	437,543
Business administrative services										
Plant operations and maintenance	789,233	691,484	749,127	729,122	724,476	719,761	780,706	896,091	871,468	997,818
Pupil transportation	556,795	614,116	624,255	566,907	524,910	539,038	505,047	523,298	577,586	601,967
Non-Budgeted Contributions										
Special Schools										
Charter Schools										
Interest on long-term debt	53,816	40,612	26,800	11,816	-	-	-			
Unallocated depreciation	93,069	93,931	95,363	95,363	97,863	104,762	104,762	104,762	111,475	117,634
Total governmental activities expenses	<u>8,005,780</u>	<u>8,413,046</u>	<u>8,989,007</u>	<u>8,358,110</u>	<u>8,896,219</u>	<u>8,759,975</u>	<u>9,181,767</u>	<u>9,764,106</u>	<u>9,505,563</u>	<u>10,686,596</u>
Business-type activities:										
Food service	136,056	146,571	141,701	147,833	155,503	145,594	137,334	131,815	127,618	131,323
Child Care			34,748	50,111	40,104	54,658	96,544	54,358	55,762	61,562
Total business-type activities expense	<u>136,056</u>	<u>146,571</u>	<u>176,449</u>	<u>197,944</u>	<u>195,607</u>	<u>200,252</u>	<u>233,878</u>	<u>186,173</u>	<u>183,380</u>	<u>192,885</u>
Total district expenses	<u>\$ 8,141,836</u>	<u>\$ 8,559,617</u>	<u>\$ 9,165,456</u>	<u>\$ 8,556,054</u>	<u>\$ 9,091,826</u>	<u>\$ 8,960,227</u>	<u>\$ 9,415,645</u>	<u>\$ 9,950,279</u>	<u>\$ 9,688,943</u>	<u>\$ 10,879,481</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (regular & special education)										
Business and other support services	58,188	45,000	50,000	50,600	68,069	60,254	60,222	105,915	90,501	\$ 93,716
Operating grants and contributions	\$ 3,647,602	\$ 4,014,421	\$ 4,101,427	\$ 3,749,063	\$ 3,950,227	\$ 3,478,335	\$ 3,812,230	\$ 3,871,122	\$ 3,768,294	4,995,997
Capital grants and contributions								-	-	-
Total governmental activities program revenues	<u>3,705,790</u>	<u>4,059,421</u>	<u>4,151,427</u>	<u>3,799,663</u>	<u>4,018,296</u>	<u>3,538,589</u>	<u>3,872,452</u>	<u>3,977,037</u>	<u>3,858,795</u>	<u>5,089,713</u>
Business-type activities:										
Charges for services										
Food service	105,523	108,144	102,511	105,545	113,345	100,704	84,103	84,987	79,879	83,388
Child care	-	-	60,468	65,161	56,674	63,618	48,557	66,526	48,104	95,607
Operating grants and contributions	29,983	29,251	29,246	32,656	39,295	41,902	40,445	45,369	46,861	58,389
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>135,506</u>	<u>137,395</u>	<u>192,225</u>	<u>203,362</u>	<u>209,314</u>	<u>206,224</u>	<u>173,105</u>	<u>196,882</u>	<u>174,844</u>	<u>237,384</u>
Total district program revenues	<u>\$ 3,841,296</u>	<u>\$ 4,196,816</u>	<u>\$ 4,343,652</u>	<u>\$ 4,003,025</u>	<u>\$ 4,227,610</u>	<u>\$ 3,744,813</u>	<u>\$ 4,045,557</u>	<u>\$ 4,173,919</u>	<u>\$ 4,033,639</u>	<u>\$ 5,327,097</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (4,299,990)	\$ (4,353,625)	\$ (4,837,580)	\$ (4,558,447)	\$ (4,877,923)	\$ (5,221,386)	\$ (5,309,315)	\$ (5,787,069)	\$ (5,646,768)	\$ (5,596,883)
Business-type activities	(550)	(9,176)	15,776	5,418	13,707	5,972	(60,773)	10,709	(8,536)	44,499
Total district-wide net expense	<u>\$ (4,300,540)</u>	<u>\$ (4,362,801)</u>	<u>\$ (4,821,804)</u>	<u>\$ (4,553,029)</u>	<u>\$ (4,864,216)</u>	<u>\$ (5,215,414)</u>	<u>\$ (5,370,088)</u>	<u>\$ (5,776,360)</u>	<u>\$ (5,655,304)</u>	<u>\$ (5,552,384)</u>
Continued										

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

Exhibit J-2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 4,233,040	\$ 4,628,909	\$ 4,880,734	\$ 4,880,734	\$ 4,880,734	\$ 5,198,441	\$ 5,287,410	\$ 5,440,521	\$ 5,549,331	\$ 5,732,086
Taxes levied for debt service	163,683	157,939	162,534	162,534	162,534	-	-	-	-	-
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	66,706	101,020	77,691	77,691	77,691	9,203	5,252	3,853	1,666	1,635
Miscellaneous income	15,912	304,459	55,134	55,134	55,134	9,147	46,981	20,613	7,791	9,830
Transfers	-	-	-	-	-	(3,166)	(13,000)	-	-	-
Total governmental activities	<u>4,479,341</u>	<u>5,192,327</u>	<u>5,176,093</u>	<u>5,176,093</u>	<u>5,176,093</u>	<u>5,213,625</u>	<u>5,326,643</u>	<u>5,464,987</u>	<u>5,558,788</u>	<u>5,743,551</u>
Business-type activities:										
Investment earnings	-	66	677	677	677	16	6	1	-	-
Transfers	-	-	-	-	-	3,166	13,000	-	-	-
Total business-type activities	<u>-</u>	<u>66</u>	<u>677</u>	<u>677</u>	<u>677</u>	<u>3,182</u>	<u>13,006</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 4,479,341</u>	<u>\$ 5,192,393</u>	<u>\$ 5,176,770</u>	<u>\$ 5,176,770</u>	<u>\$ 5,176,770</u>	<u>\$ 5,216,807</u>	<u>\$ 5,339,649</u>	<u>\$ 5,464,988</u>	<u>\$ 5,558,788</u>	<u>\$ 5,743,551</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 179,351	\$ 838,702	\$ 338,513	\$ 617,646	\$ 298,170	\$ (7,761)	\$ 17,328	\$ (322,082)	\$ (87,980)	\$ 146,668
Business-type activities	(550)	(9,110)	16,453	6,095	14,384	9,154	(47,767)	10,710	(8,536)	44,499
Total district	<u>\$ 178,801</u>	<u>\$ 829,592</u>	<u>\$ 354,966</u>	<u>\$ 623,741</u>	<u>\$ 312,554</u>	<u>\$ 1,393</u>	<u>\$ (30,439)</u>	<u>\$ (311,372)</u>	<u>\$ (96,516)</u>	<u>\$ 191,167</u>

Source: CAFR Schedule A-2

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

**Exhibit J-3**

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 409,016	\$ 850,701	\$ 881,676	\$ 437,299	\$ 432,803	\$ 601,570	\$ 865,613	\$ 520,796	\$ 463,460	\$ 565,452
Unreserved	323,580	113,305	108,929	(29,448)	43,233	68,989	(14,751)	10,637	39,798	(5,564)
Total general fund	<u>\$ 732,596</u>	<u>\$ 964,006</u>	<u>\$ 990,605</u>	<u>\$ 407,851</u>	<u>\$ 476,036</u>	<u>\$ 670,559</u>	<u>\$ 850,862</u>	<u>\$ 531,433</u>	<u>\$ 503,258</u>	<u>\$ 559,888</u>
All Other Governmental Funds										
Reserved		\$ 70,375	\$ 36,759	\$ 86,821	\$ 331,091					
Unreserved, reported in:										
Special revenue fund										
Capital projects fund									\$ 4,694	
Debt service fund		189,713	186,963	269,443	31,500					
Trust and agency fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>-</u>	<u>\$ 260,088</u>	<u>\$ 223,722</u>	<u>\$ 356,264</u>	<u>\$ 362,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 4,694</u>	<u>-</u>

Source: CAFR Schedule B-1

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

**Exhibit J-4**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues</b>										
Tax levy	\$ 4,396,723	\$ 4,786,848	\$ 5,043,268	\$ 4,901,723	\$ 4,997,216	\$ 5,198,441	\$ 5,287,410	\$ 5,440,521	\$ 5,549,331	\$ 5,732,086
Tuition charges	16,188	-	-	-	-	-	-	-	-	-
Interest earnings	4,300	11,484	22,000	5,000	5,000	1,300	900	450	198	-
Miscellaneous	120,318	438,995	160,825	90,710	90,432	77,304	111,555	129,931	99,760	105,181
State sources	3,438,883	3,800,229	3,880,673	3,813,131	3,366,572	3,270,228	3,446,295	3,592,084	3,528,313	3,757,656
Federal sources	208,719	214,193	220,754	195,234	583,655	208,107	365,935	279,038	239,981	227,518
<b>Total revenue</b>	<b>8,185,131</b>	<b>9,251,749</b>	<b>9,327,520</b>	<b>9,005,798</b>	<b>9,042,875</b>	<b>8,755,380</b>	<b>9,212,095</b>	<b>9,442,024</b>	<b>9,417,583</b>	<b>9,822,441</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	2,571,090	2,595,290	2,691,869	2,704,680	2,933,834	2,806,262	2,767,755	2,948,907	2,790,110	2,863,940
Special education instruction	530,312	504,329	640,688	612,031	665,250	558,816	673,503	643,433	649,149	719,191
Other special instruction	55,824	136,548	190,103	242,086	222,771	281,613	242,927	330,353	304,816	318,584
Other instruction	-	-	-	-	-	-	-	-	-	-
<b>Support Services:</b>										
Tuition	65,450	65,525	84,333	20,301	2,677	-	2,973	-	16,722	865
Student & instruction related services	1,278,975	1,287,463	1,371,920	1,286,168	1,190,350	1,227,792	1,313,075	1,333,308	1,390,299	1,372,008
General administrative services	464,928	458,763	465,097	466,039	457,817	451,681	499,714	491,452	523,503	507,276
School administrative services	273,248	290,418	308,597	309,244	322,008	291,037	287,416	291,959	295,113	275,281
Plant operations and maintenance	635,455	533,069	584,489	594,517	560,292	554,145	587,567	669,432	653,583	668,962
Pupil transportation	447,073	472,494	488,547	463,636	407,245	415,917	380,833	391,551	438,363	411,691
Unallocated employee benefits	1,514,802	1,876,766	1,918,622	1,746,309	1,954,880	1,949,218	2,211,422	2,417,284	2,264,373	2,345,401
Transfer to Charter School	-	-	8,956	16,029	17,378	20,886	13,394	6,739	-	-
Capital Outlay	22,012	316,161	354,141	775,445	231,361	362,915	38,213	237,035	115,033	287,306
<b>Debt service:</b>										
Principal	175,000	180,000	200,000	199,000	-	-	-	-	-	-
Interest and other charges	56,550	43,425	29,925	14,925	-	-	-	-	-	-
<b>Total expenditures</b>	<b>8,090,719</b>	<b>8,760,251</b>	<b>9,337,287</b>	<b>9,450,410</b>	<b>8,965,863</b>	<b>8,920,282</b>	<b>9,018,792</b>	<b>9,761,453</b>	<b>9,441,064</b>	<b>9,770,505</b>
Excess (Deficiency) of revenues over (under) expenditures	94,412	491,498	(9,767)	(444,612)	77,012	(164,902)	193,303	(319,429)	(23,481)	51,936
<b>Other Financing Sources (uses)</b>										
Transfers in	-	-	-	-	-	-	-	204,500	18,775	127,308
Transfers out	-	-	-	(5,600)	(2,500)	(3,166)	(13,000)	(204,500)	(18,775)	(127,308)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,600)</b>	<b>(2,500)</b>	<b>(3,166)</b>	<b>(13,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 94,412</b>	<b>\$ 491,498</b>	<b>\$ (9,767)</b>	<b>\$ (450,212)</b>	<b>\$ 74,512</b>	<b>\$ (168,068)</b>	<b>\$ 180,303</b>	<b>\$ (319,429)</b>	<b>\$ (23,481)</b>	<b>\$ 51,936</b>
Debt service as a percentage of noncapital expenditures	2.9%	2.6%	2.6%	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Interest on</u> <u>Cap.Reserve</u> <u>Account</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Rentals</u>	<u>Transportation</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	\$ 62,406	\$ 4,300	\$ 15,387		\$ 42,000	\$ 16,188	\$ 525	\$ 140,806
2007	89,536	11,484	29,899		45,000		760	176,679
2008	55,691	22,000	37,479		50,000	16,441	1,214	182,825
2009	17,681	5,000	14,871		50,600		6,670	94,822
2010	11,899	5,000	9,552		68,069		440	94,960
2011	7,903	1,300	5,045		60,254		1,542	76,044
2012	4,352	900	2,749		60,222		41,271	109,494
2013	3,403	450	5,212		81,674	24,241	11,963	126,943
2014	1,468	198	4,996		90,501		2,285	99,448
2015	1,635				93,716		8,440	103,791

SOURCE: District Records

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

**Exhibit J-6**

<u>Fiscal Year Ended June 30.</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax- Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2006	\$19,982,500	\$508,931,299	\$21,757,600	\$2,527,750	\$66,999,100	\$3,807,200	\$1,880,300	\$681,810,811	\$54,149,448	\$1,775,614	\$627,661,363	\$0.699	\$683,634,930
2007	14,628,800	536,884,999	22,414,900	2,476,950	64,846,300	3,501,200	1,880,300	703,760,363	55,543,393	1,583,521	648,216,970	0.743	775,005,637
2008	12,837,300	549,201,899	22,711,000	2,359,325	66,817,300	3,501,200	1,880,300	719,898,703	58,981,148	1,609,231	660,917,555	0.763	868,978,308
2009	12,393,800	555,261,299	23,399,000	2,416,625	67,642,300	3,501,200	1,880,300	725,579,495	57,633,148	1,451,823	667,946,347	0.734	916,654,088
2010	11,825,300	558,724,549	25,067,700	2,221,900	67,930,800	3,501,200	1,880,300	730,065,657	57,381,248	1,532,660	672,684,409	0.743	929,965,653
2011	11,583,100	559,661,851	25,506,800	2,366,600	68,327,500	3,501,200	1,780,300	731,464,521	57,198,448	1,538,722	674,266,073	0.771	907,913,314
2012	11,030,400	561,000,051	24,688,300	2,272,900	72,406,800	3,501,200	1,780,300	735,914,452	57,883,448	1,351,053	678,031,004	0.780	870,082,342
2013	10,920,500	560,621,701	25,051,400	2,290,500	74,188,700	3,495,900	1,780,300	737,267,062	57,795,648	1,122,413	679,471,414	0.801	826,466,429
2014	10,364,300	558,903,101	26,397,900	2,399,300	75,759,900	3,445,900	1,780,300	737,724,389	57,457,248	1,216,440	680,267,141	0.816	784,880,638
2015	10,399,600	557,929,101	26,422,900	2,410,900	75,491,100	3,445,900	1,780,300	737,538,935	58,674,448	984,686	678,864,487	0.844	741,130,019

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Washington Township Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Regional School District	Washington Township	Library	Warren County	
2006	\$0.672	\$0.027	\$0.699	\$0.835	\$0.379	\$0.057	\$0.647	\$2.617
2007	\$0.715	\$0.028	\$0.743	\$0.908	\$0.395	\$0.062	\$0.675	\$2.783
2008	\$0.739	\$0.024	\$0.763	\$0.940	\$0.415	\$0.068	\$0.734	\$2.920
2009	\$0.711	\$0.023	\$0.734	\$0.892	\$0.451	\$0.072	\$0.764	\$2.913
2010	\$0.743	\$0.000	\$0.743	\$0.944	\$0.469	\$0.072	\$0.769	\$2.997
2011	\$0.771	\$0.000	\$0.771	\$0.989	\$0.495	\$0.065	\$0.760	\$3.080
2012	\$0.780	\$0.000	\$0.780	\$0.999	\$0.552	\$0.006	\$0.808	\$3.145
2013	\$0.801	\$0.000	\$0.801	\$1.073	\$0.572	\$0.058	\$0.766	\$3.270
2014	\$0.816	\$0.000	\$0.816	\$0.964	\$0.581	\$0.058	\$0.765	\$3.184
2015	\$0.844	\$0.000	\$0.844	\$1.129	\$0.597	\$0.058	\$0.785	\$3.413

Source: District Records and Municipal Tax Collector

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

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

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

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

**Exhibit J-8**

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Asbury Farms (including Golf Course)	\$12,649,400	1	1.86%	\$ 6,675,000	2	1.06%
Washington Shopping Centers, Inc.-A&P	6,465,900	2	0.95%	7,938,700	1	1.26%
Desapio Properties, #3, LLC	3,499,300	3	0.52%	3,499,300	4	0.56%
Ed Mark 31, LLC	3,243,900	4	0.48%			
Fitzgibbon, Smith & Smith	3,134,900	5	0.46%	3,556,700	3	0.57%
Village Supermarket - Shop-Rite	2,778,200	6	0.41%	2,778,200	5	0.44%
Washington Realty, LLC	2,221,700	7	0.33%	2,221,700	8	0.35%
Individual Taxpayer #1	1,934,999	8	0.29%	2,261,500	7	0.0036
Individual Taxpayer #2	1,900,000	9	0.28%			
I. C. Washington Inc., - Eckerd Drug	1,875,400	10	0.28%	2,279,400	6	0.36%
Pinnacle Hawke Point				2,169,900	9	0.27%
Witte Holdings, Inc.				1,677,700	10	0.27%
<b>Total</b>	<b>\$ 39,703,699</b>		<b>5.85%</b>	<b>\$ 35,058,100</b>		<b>5.50%</b>

Source: District CAFR & Municipal Tax Assessor

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$4,396,723	\$4,396,723	100.00%	-
2007	\$4,786,848	\$4,786,848	100.00%	-
2008	\$5,043,268	\$5,043,268	100.00%	-
2009	\$4,901,723	\$4,901,723	100.00%	-
2010	\$4,997,216	\$4,997,216	100.00%	-
2011	\$5,198,441	\$5,198,441	100.00%	-
2012	\$5,287,410	\$5,287,410	100.00%	-
2013	\$5,440,521	\$5,440,521	100.00%	-
2014	\$5,549,331	\$5,549,331	100.00%	-
2015	\$5,732,086	\$5,732,086	100.00%	-

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

**Note:**

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

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

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2006	\$ 579,000	-	-	-	-0-	\$ 579,000	0.21%	\$84.32	
2007	399,000	-	-	-	-0-	399,000	0.14%	\$57.94	
2008	199,000	-	-	-	-0-	199,000	0.07%	\$29.05	
2009	-	-	-	-	-0-	-	0.00%	\$0.00	
2010	-	-	-	-	-0-	-	0.00%	\$0.00	
2011	-	-	-	-	-0-	-	0.00%	\$0.00	
2012	-	-	-	-	-0-	-	0.00%	\$0.00	
2013	-	-	-	-	-0-	-	0.00%	\$0.00	
2014	-	-	-	-	-0-	-	0.00%	\$0.00	
2015	-	-	-	-	-0-	-	0.00%	\$0.00	

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

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

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

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

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 579,000	-0-	\$ 579,000	0.09%	\$ 84 R
2007	\$ 399,000	-0-	\$ 399,000	0.06%	\$ 58 R
2008	\$ 199,000	-0-	\$ 199,000	0.03%	\$ 29 R
2009	-	-0-	-	0.00%	- R
2010	-	-0-	-	0.00%	- R
2011	-	-0-	-	0.00%	- *
2012	-	-0-	-	0.00%	- *
2013	-	-0-	-	0.00%	- *
2014	-	-0-	-	0.00%	- *
2015	-	-0-	-	0.00%	- *

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

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

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

R Revised

\* Current data unavailable

**Washington Township School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2015**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b> Township of Washington	\$ 9,893,678	100.000%	\$ 9,893,678
<b>Other debt</b> Warren County	5,310,000	6.818%	<u>362,048</u>
Subtotal, overlapping debt			10,255,726
<b>Washington Township School District Direct Debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 10,255,726</u></u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis
	2012 780,193,765
	2013 739,143,029
	2014 726,559,272
	<b>[A]</b> \$ 2,245,896,066
Average equalized valuation of taxable property	<b>[A/3]</b> \$ 748,632,022
Debt limit (3 % of average equalization value)	<b>[B]</b> 22,458,961
Net bonded school debt	<b>[C]</b> -
Legal debt margin	<b>[B-C]</b> \$ 22,458,961

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$18,895,590	\$22,454,753	\$24,966,669	\$26,696,370	\$27,229,520	\$26,813,338	\$25,830,996	\$24,619,346	\$23,401,519	\$ 22,458,961
Total net debt applicable to limit	579,000	399,000	199,000	-	-	-	-	-	-	-
Legal debt margin	<u>\$18,316,590</u>	<u>\$22,055,753</u>	<u>\$24,767,669</u>	<u>\$26,696,370</u>	<u>\$27,229,520</u>	<u>\$26,813,338</u>	<u>\$25,830,996</u>	<u>\$24,619,346</u>	<u>\$23,401,519</u>	<u>\$22,458,961</u>
Total net debt applicable to the limit as a percentage of debt limit	3.06%	1.78%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2006	6,867	\$ 278,841,402	\$40,606 R	5.2%
2007	6,886	\$ 295,010,012	\$42,842 R	4.8%
2008	6,851	\$ 302,266,120	\$44,120 R	6.4%
2009	6,865	\$ 301,126,360	\$43,864 R	11.3%
2010	6,843	\$ 300,831,966	\$43,962 R	11.6%
2011	6,645	\$ 306,135,150	\$46,070 R	10.8%
2012	6,596	\$ 317,366,540	\$48,115 R	10.5%
2013	6,544	\$ 320,917,760	\$49,040 R	6.0%
2014	6,490	\$ 318,269,600	\$49,040 *	5.3%
2015	6,482	\$ 317,877,280	\$49,040 *	*

**Source:**

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

<sup>b</sup> Personal income provided by US Dept Commerce

<sup>c</sup> Per Capita provided by NJ Dept of Labor

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

P =Projected

R =Revised

\* Current data unavailable

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

Exhibit J-15  
N/A

Employer	2015			2006		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

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

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

**Exhibit J-16**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	40.6	39.1	39.1	39.0	35.1	38.0	37.0	38.0	37.0	38.0
Special education	10.0	11.9	13.4	12.0	12.5	12.8	11.3	13.8	15.0	15.0
Other instruction	30.0	18.6	19.9	20.3	20.3	15.3	21.1	22.3	21.2	22.0
Support Services:										
Tuition										
Student & instruction related services	6.4	7.0	9.8	9.8	11.2	9.1	9.8	10.5	10.4	9.8
General administrative services	2.5	1.8	1.8	1.7	1.5	2.7	2.7	2.7	2.7	2.7
School administrative services	4.5	4.7	4.7	4.7	4.7	4.5	4.3	4.3	4.3	4.3
Business administrative services	2.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.5
Plant operations and maintenance	5.5	6.0	6.4	5.4	6.6	6.5	6.5	5.9	5.6	5.6
Pupil transportation	2.0	1.8	2.0	1.6	1.4	1.5	1.5	1.5	1.4	1.4
Food Service	4.0	3.5	3.5	3.8	3.8	3.8	3.8	0.0	0.0	0.0
Child Care			1.4	1.5	1.5	1.5	1.5	1.5	1.5	2.0
<b>Total</b>	<b>107.5</b>	<b>95.9</b>	<b>102.1</b>	<b>101.3</b>	<b>100.1</b>	<b>97.2</b>	<b>101.0</b>	<b>102.0</b>	<b>100.7</b>	<b>102.3</b>

**Source:** District Personnel Records

Washington Township School District  
 Operating Statistics  
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	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				
2006	662	\$ 7,837,157	\$ 11,839	6.19%	51	13:2	662.9	632.3	-0.43%	95.4%
2007	670	\$ 8,220,665	\$ 12,270	3.64%	51	13:1	671.7	643.0	1.69%	95.7%
2008	645	\$ 8,744,265	\$ 13,557	10.49%	53	12:1	651.2	624.1	-2.94%	95.8%
2009	646	\$ 8,445,011	\$ 13,073	-3.57%	52	12:1	638.7	612.2	-1.91%	95.9%
2010	648	\$ 8,717,124	\$ 13,452	2.90%	51	12:1	649.7	620.0	1.72%	95.4%
2011	615	\$ 8,536,481	\$ 13,880	3.18%	51	12:1	613.1	586.4	-5.63%	95.6%
2012	604	\$ 8,967,185	\$ 14,846	6.96%	50	12:1	597.2	570.4	-2.59%	95.5%
2013	600	\$ 9,524,418	\$ 15,874	6.92%	54	11.1:1	596.2	568.3	-0.17%	95.3%
2014	541	\$ 9,326,031	\$ 17,239	8.60%	53	10.2:1	545.1	521.7	-8.57%	95.7%
2015	522	\$ 9,483,199	\$ 18,167	5.39%	53	9.8:1	519.0	494.8	-4.79%	95.3%

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

Note: Enrollment based on annual October district count.

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

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

**Exhibit J-18**

<u>District Building</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2014</u>	<u>2015</u>	<u>2015</u>
<b><u>Elementary</u></b>										
Brass Castle (1961)										
Square Feet	37,400	37,400	37,400	37,400	37,400	37,400	37,400	37,400	37,400	37,400
Capacity (students)	456.6	456.6	456.6	456.6	456.6	456.6	456.6	456.6	456.6	456.6
Enrollment	372.3	413.8	423.1	390.8	391.0	363.0	356.0	357.0	342.0	327.0
Port Colden (1932)										
Square Feet	26,450	26,450	26,450	26,450	26,450	26,450	26,450	26,450	26,450	26,450
Capacity (students)	302.4	302.4	302.4	302.4	302.4	302.4	302.4	302.4	302.4	302.4
Enrollment	290.6	257.9	228.1	247.9	257.0	252.0	248.0	239.0	199.0	194.0
Old School House (District Office)										
Square Feet	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400
Capacity (students)	N/A									
Enrollment	N/A									

Number of Schools at June 30, 2015

**Source:** District records, ASSA

Elementary = 2

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**GENERAL FUND**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**Last Ten Fiscal Years Ending June 30, 2015**

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
Brass Castle	040	\$144,823	\$84,734	\$84,898	\$85,035	\$86,547	\$84,366	\$111,056	\$158,490	\$108,856	\$109,732	\$1,058,537
Port Colden	050	96,549	56,489	56,599	56,690	57,698	56,244	78,427	111,925	76,874	77,492	724,987
PC Old Schoolhouse								7,077	10,099	6,936	6,992	31,104
<b>Total School Facilities</b>		<b>241,372</b>	<b>141,223</b>	<b>141,497</b>	<b>141,725</b>	<b>144,245</b>	<b>140,610</b>	<b>189,483</b>	<b>280,514</b>	<b>192,666</b>	<b>194,216</b>	<b>665,817</b>
Other Facilities												
<b>Grand Total</b>		<b>\$241,372</b>	<b>\$141,223</b>	<b>\$141,497</b>	<b>\$141,725</b>	<b>\$144,245</b>	<b>\$140,610</b>	<b>\$189,483</b>	<b>\$280,514</b>	<b>\$192,666</b>	<b>\$194,216</b>	<b>\$1,807,551</b>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

**INSURANCE SCHEDULE**  
**June 30, 2015**  
**UNAUDITED**

Exhibit J-20

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

\* School Alliance Insurance Fund (SAIF)

SOURCE: District Records



# Single Audit Section





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 Douglas R. Williams, CPA, RMA, PSA

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

#### Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington Township School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Washington Township School District Board of Education's basic financial statements, and have issued our report thereon dated November 16, 2015.

#### **Internal Control Over Financial Reporting**

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

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

-Continued-

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*ARDITO & Co., LLP*

ARDITO & CO., LLP

November 16, 2015

*Cynthia Corder*

Licensed Public School Accountant No.2369



## **ARDITO & Co., LLP**

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 Douglas R. Williams, CPA, RMA, PSA

### **Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB circulars 04-04 and 15-08**

#### Independent Auditor's Report

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

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

We have audited the Washington Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circulars 04-04 and 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2015. The Washington Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

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

-Continued-

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

**Opinion on Each Major State Program**

In our opinion, the Washington Township School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of the Washington Township School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circulars 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Washington Township School District Board of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB circulars 04-04 and 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

*ARDITO & Co., LLP*

ARDITO & CO., LLP  
November 16, 2015

*Carmen Credler*

Licensed Public School Accountant No.2369

WASHINGTON TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2015

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2014	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2015			MEMO		
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
<b>State Department of Education</b>															
<b>General Fund</b>															
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 1,702,476			\$ 1,702,476	\$ (1,702,476)							\$ 165,796	\$ 1,702,476
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	258,367			258,367	(258,367)							25,161	258,367
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	329,211			329,211	(329,211)							32,060	329,211
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	47,406			47,406	(47,406)							4,617	47,406
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	286,365			286,365	(286,365)							27,888	286,365
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	4,950			4,950	(4,950)							482	4,950
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	4,950			4,950	(4,950)							482	4,950
Extraordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	79,230				(79,230)			\$ (79,230)					79,230
Extraordinary Aid	14-495-034-5120-044	7/1/13-6/30/14	64,478	\$ (63,812)		64,478	(666)								64,478
Non- Public Transportation Aid	15-100-034-5120-068	7/1/14-6/30/15	3,598				(3,598)			(3,598)					3,598
Non- Public Transportation Aid	14-100-034-5120-068	7/1/13-6/30/14	3,619	(3,619)		3,619									3,619
On-behalf TPAF Pension Contrib.	15-495-034-5094-006	7/1/14-6/30/15	229,349			229,349	(229,349)								229,349
Reimb. TPAF Soc.Secur.Contrib.	15-495-034-5094-003	7/1/14-6/30/15	320,520	(29,466)		334,431	(320,520)			(15,555)					320,520
<b>Total General Fund</b>				<b>(96,897)</b>		<b>3,265,602</b>	<b>(3,267,088)</b>			<b>(98,383)</b>				<b>256,486</b>	<b>3,334,519</b>
<b>Special Revenue Fund</b>															
N.J. Nonpublic Aid:															
Textbooks Aid	15-100-034-5120-064	7/1/14-6/30/15	7,329	1,754		7,329	(7,313)		\$ (1,754)			\$ 16			7,313
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	11,856			11,856	(11,856)								11,856
Technology Aid	15-100-034-5120-373	7/1/14-6/30/15	3,936	2,380		3,936	(3,490)		(2,380)				446		3,490
Auxiliary Services:															
Compensatory Education	15-100-034-512a-067	7/1/14-6/30/15	25,082	2,483		25,082	(11,377)		(2,483)				13,705		11,377
Handicapped Services:															
Examination and Classification	15-100-034-512b-066	7/1/14-6/30/15	12,061	2,072		12,061	(8,819)		(2,072)				3,242		8,819
Corrective Speech	15-100-034-512a-066	7/1/14-6/30/15	4,418			4,418	(4,418)								4,418
Supplementary Instruction	15-100-034-512c-066	7/1/14-6/30/15	2,825			2,825	(392)		(2,775)				2,433		392
<b>Total Special Revenue Fund</b>				<b>11,464</b>		<b>67,507</b>	<b>(47,665)</b>		<b>(11,464)</b>				<b>-</b>	<b>19,842</b>	<b>47,665</b>
<b>Capital Projects Fund:</b>															
SDA Grant - Partial Roof Replacement	#5530-040-14-1001 (G2UN)	7/1/14-6/30/15	97,388			97,388	(97,388)								97,388
<b>Total Capital Projects Fund</b>				<b>-</b>	<b>-</b>	<b>97,388</b>	<b>(97,388)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97,388</b>
<b>State Department of Agriculture</b>															
<b>Enterprise Fund:</b>															
Nat.School Lunch Prog.(State Share)	14-100-034-5120-122	7/1/13-6/30/14		(123)		123									
Nat.School Lunch Prog.(State Share)	15-100-034-5120-122	7/1/14-6/30/15	1,787			1,616	(1,787)			(171)					1,787
<b>Total Enterprise Fund</b>				<b>(123)</b>		<b>1,739</b>	<b>(1,787)</b>			<b>(171)</b>					<b>1,787</b>
<b>Total State Financial Assistance</b>				<b>\$ (85,556)</b>	<b>-</b>	<b>\$ 3,432,236</b>	<b>\$ (3,413,928)</b>	<b>-</b>	<b>\$ (11,464)</b>	<b>\$ (98,554)</b>	<b>-</b>	<b>\$ 19,842</b>	<b>\$ 256,486</b>	<b>\$ 3,481,359</b>	

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2015

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

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

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$7,056) for the general fund and (\$3,342) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2015

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 3,624,123	\$ 3,624,123
Special Revenue Fund	\$ 227,518	36,145	263,663
Capital Projects Fund		97,388	97,388
Food Service Fund	<u>56,601</u>	<u>1,788</u>	<u>58,389</u>
Total Financial Assistance	<u>\$ 284,119</u>	<u>\$ 3,759,444</u>	<u>\$ 4,043,563</u>

**NOTE 4. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part I - Summary of Auditor's Results

**Financial Statement Section**

- A) Type of auditor's report issued: Unmodified
  
- B) Internal control over financial reporting:
  - 1) Material weakness(es) identified? \_\_\_ Yes x No
  - 2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes  
x None Reported
  
- C) Noncompliance material to financial statements noted? \_\_\_ Yes x No

**Federal Awards Section**

N/A

- D) Dollar threshold used to determine Type A programs: N/A
  
- E) Auditee qualified as low-risk auditee? \_\_\_ Yes \_\_\_ No
  
- F) Type of auditor's report on compliance for major programs: N/A
  
- G) Internal Control over compliance:
  - 1) Material weakness(es) identified? \_\_\_ Yes \_\_\_ No
  - 2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes \_\_\_ No
  
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? \_\_\_ Yes \_\_\_ No
  
- I) Identification of major programs:

**CFDA NUMBER(S)**

**NAME OF FEDERAL PROGRAM OR CLUSTER**

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part I - Summary of Auditor's Results

**State Financial Assistance Section**

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) x\_yes\_\_no
- L) Type of auditor's report on compliance for major programs: Unmodified
- M) Internal Control over compliance:
  - 1) Material weakness(es) identified? \_\_\_yes\_\_x\_no
  - 2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_yes\_\_x\_none reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? \_\_\_yes\_\_x\_no
- O) Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

15-495-034-5120-078

Equalization Aid

15-495-034-5120-014

Transportation Aid

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Section II-Financial Statement Findings**

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

**Section III - State Financial Assistance Findings and Questioned Costs**

**STATE FINANCIAL ASSISTANCE**-There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 04-04 or 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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