

**READINGTON TOWNSHIP
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2020

**Responsibility of the Management of
Readington Township School District
Hunterdon County, New Jersey**



Certified Public Accountants, PC

**READINGTON TOWNSHIP
SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

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www.readington.k12.nj.us

Jonathan Hart, Ph.D., *Superintendent of Schools*

Jason M. Bohm, CPA, *Business Administrator / Board Secretary*

jhart@readington.k12.nj.us

jbohm@readington.k12.nj.us

P.O. Box 807 • 52 Readington Road • Whitehouse Station, NJ 08889 • (908)-534-2195 •
(908) 349-3042 fax

January 11, 2021

Honorable President and
Members of the Board of Education
Readington Township Public Schools
P.O. Box 807
Whitehouse Station, New Jersey 08889

Dear Board Members:

The comprehensive annual financial report of the Readington Township Public School District for the fiscal year ended June 30, 2020 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. To the best of our knowledge and belief, the data presented in the auditor's report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introduction, financial, statistical and single audit. The introduction section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements, management's discussion and analysis and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, "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, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Readington Township Public School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board. All funds and account groups of the District are included in this report. The Readington 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 pre-K through 8. These include regular, as well as special education (pre-school through 8th grade) handicapped youngsters. The District completed the 2019-2020 fiscal year with an in-district enrollment of 1,490 students, which is 1.3% students below the previous year's enrollment. The following chart details the changes in the student

enrollment of the District for the past ten fiscal years. These figures do not include those students sent out of district for special education placements.

Fiscal Year	Enrollment in District	% Change
2010-2011	2040	-3.1%
2011-2012	1963	-3.8%
2012-2013	1867	-4.9%
2013-2014	1778	-4.8%
2014-2015	1752	-1.5%
2015-2016	1695	-3.2%
2016-2017	1620	-4.4%
2017-2018	1528	-6.0%
2018-2019	1509	-1.2%
2019-2020	1490	-1.3%

2. ECONOMIC CONDITION AND OUTLOOK:

The District has seen decreasing enrollments in prior years and anticipates future declining enrollment as confirmed with the latest demographic projections completed in 2015. This is consistent with the decline in valuation assessments in the township, both in terms of housing and corporate. The anticipation of new residential housing construction within township boundaries may slow enrollment declines in the near future, or result in stabilization.

The District’s enrollment projections were developed by an independent demographer. All schools currently have sufficient capacity to house the District’s students.

The District is monitoring the impact of the global pandemic on the local economy and housing, and the potential impact it will have on the local tax levy and state aid.

3. MAJOR INITIATIVES:

The attainment of proficiency in state standards continues to be a primary focus of the District. Student achievement is consistently rated above state and county average performance, with achievement in Algebra II and English/Language Arts being especially strong. Several of the surrounding districts have visited Readington Township Schools to attend professional development hosted by our district staff, observe literacy instruction and discuss best practices with teachers.

Technology availability and bandwidth has been exemplary, with continued one-to-one initiatives taking place in our middle and intermediate schools with plans in the future years to continue to lower grades. Student achievement results have been strong and compare favorably with peer districts and state averages.

Strategic Planning Goals established in January 2020 to guide the District’s leadership in setting annual ambitious objectives for student achievement, fiscal responsibility, and teacher leadership. District initiatives for 2020-25 include:

- **Inquisitive Learning:** Create and establish an inquiry-based framework that values an interest-driven learning environment. Learners will, individually and collaboratively, focus on identifying, analyzing, and solving problems as inquisitive members of their community.

- **Social Awareness:** Our learners will feel connected, valued, and secure in a learning environment cultivated by a shared sense of community. Every individual will develop skills that promote an awareness of self and others, including the ability to understand the impact of their decisions.
- **Partnerships:** Establish partnerships that foster meaningful educational opportunities on local, regional, and global scales. Prepare all learners to become engaged and productive citizens through service to others, collaboration, and real-world connections.

In addition to furthering the already-rich instructional environment in Readington's classrooms, funding has been set aside for facility improvements. Security vestibules were installed district-wide in the summer of 2019 along with other safety improvements such as ballistic security film among other measures. Further, several IT upgrades such as firewall were accomplished and more projects are planned for the summer of 2020.

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 (G.A.A.P.). 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, and also 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. 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 cancelled or are included as a re-appropriation of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). 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.

8. DEBT ADMINISTRATION:

In October of 1996, the District passed a \$12,000,000 bond referendum for construction of a new intermediate school, Holland Brook School. The project was eligible for state funding through a grant from the SCC/SDA. Additionally, the referendum included Americans with Disabilities Act (A.D.A.) improvements. The total cost of the referendum was \$12,800,000, with the additional \$800,000 funded on the interest earnings received on the investment of the \$12,000,000. The bonds were partially refinanced in 2004. As of June 30, 2020, \$4,640,000 remained in principal to be paid, with the final payment to be made on January 1, 2027.

In 2002, the District passed a \$27,790,000 bond referendum for renovations and construction at Readington Middle School, Holland Brook School, Three Bridges School, and Whitehouse School. This project also qualified for state funding through an SCC/SDA grant. There was a partial refunding of the 2002 Bond Series in December of 2006 of \$10,000,000, and another partial refunding of \$5,415,000 in November, 2010, with an additional partial refunding in 2017 of the December 2006 Bond Series originally in aggregate of \$10,000,000. As of June 30, 2020, \$7,705,000 remained in principal to be paid, with the final payment to be made on July 15, 2026.

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 3. 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.

The District utilizes Investors Bank as its main depository for District funds. The Business Administrator utilizes the investment vehicles available through Investors Bank. This program meets the G.U.D.P.A. requirements. Most of the District's funds are invested in interest bearing accounts, allowing the district to maximize interest and maintain the liquidity needed to meet its obligations.

10. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability and comprehensive collision, hazard and theft insurance on property and contents and fidelity bonds through its membership in the School Alliance Insurance Fund.

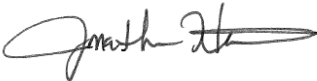
11. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of BKC, CPAs, PC were selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular Letter 15-08. The auditor's report on the general purpose financial statements combining individual fund statements and schedules is included in the financial section of the report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Readington 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 and accounting staff.

Respectfully submitted,



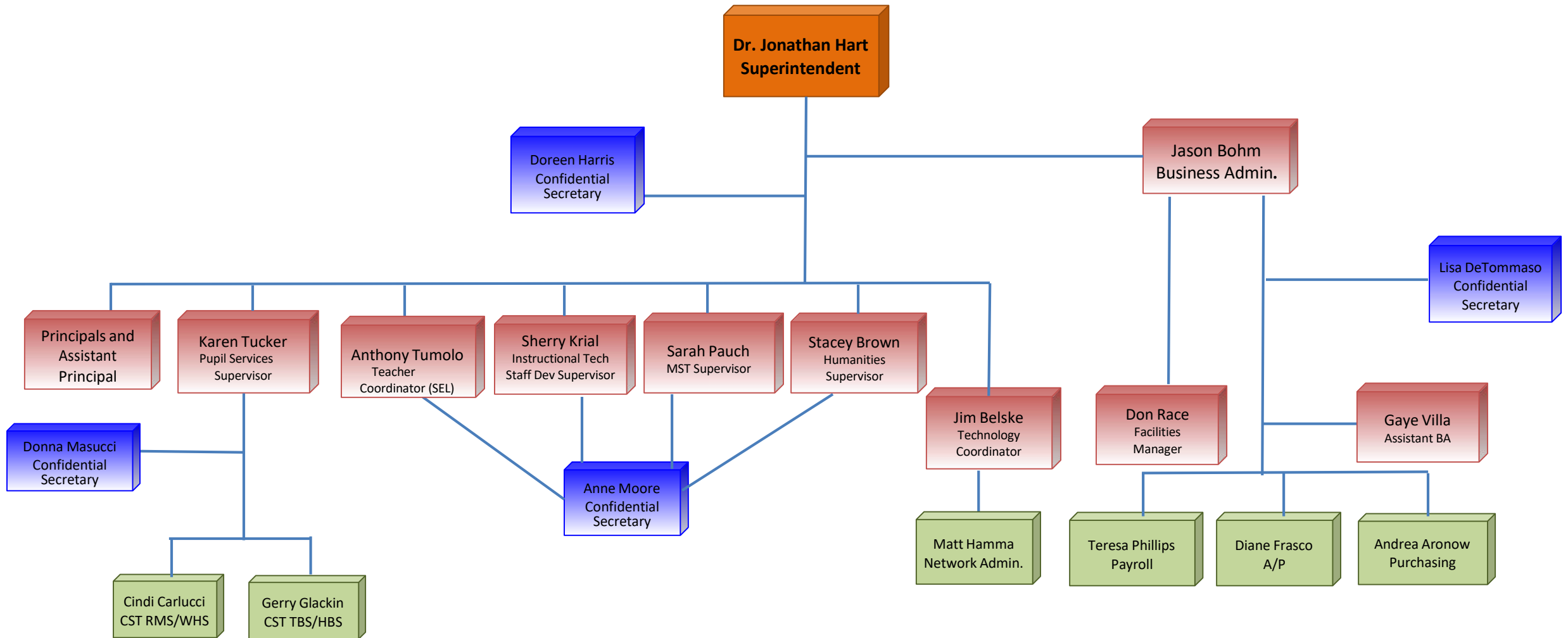
Jonathan Hart, Ph.D.
Superintendent of Schools



Jason M. Bohm, CPA
School Business Administrator/Board Secretary

Readington Township Board Office Organizational Chart

2019-2020 School Year



**READINGTON TOWNSHIP SCHOOL DISTRICT
READINGTON TOWNSHIP, NEW JERSEY**

**Roster of Officials
June 30, 2020**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expiration</u>
Laura Simon	President	2023
Anna Shinn	Vice President	2021
Ray Egbert		2021
Carol Hample		2021
Robyn Mikaelian		2021
Andrew Saunders		2022
Eric Zwerling		2022
Carolyn Podgorski		2023
Thomas Wallace		2023

<u>Other Officials</u>	<u>Title</u>
Dr. Jonathan Hart	Superintendent of Schools
Jason M. Bohm	Board Secretary/Business Administrator

**READINGTON TOWNSHIP SCHOOL DISTRICT
READINGTON TOWNSHIP, NEW JERSEY**

**Consultants and Advisors
June 30, 2020**

AUDIT FIRM

BKC, CPAs, PC
39 State Route 12, Ste 2
Flemington, NJ 08822

SOLICITOR

Fogarty & Hara
16-00 Route 208 South
Fair Lawn, New Jersey 07410

OFFICIAL DEPOSITORY

Investors Bank
3563 US Highway 22 North
Whitehouse Station, NJ 08899

ARCHITECT

SSP Architectural Group
148 West End Avenue
Somerville, NJ 08876



Certified Public Accountants, PC

www.bkc-cpa.com

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Readington Township School District
County of Hunterdon, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Readington Township School District, (the District) in the County of Hunterdon, the State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Readington Township School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

January 11, 2021
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The Readington Township School District's (the District) management's discussion and analysis is designed to provide an overview of the District's financial activities for the year ended June 30, 2020, identify changes in the District's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- In total, net position increased \$2,129,745, which represents a 9.24% increase from fiscal year 2019.
- General revenues accounted for \$45,090,027 in revenue or 97.34% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,234,094 or 2.66% to total revenues of \$46,324,121.
- Total assets of governmental activities increased by \$464,939 as cash and cash equivalents increased by \$836,950, receivables decreased by \$15,944 and capital assets decreased by \$356,067.
- The School District had \$44,194,376 in expenses; only \$1,234,094 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes) of \$45,090,027 were adequate to provide for these programs.
- Among major funds, the general fund had \$36,901,167 in revenues, \$36,075,127 in expenditures, and transfers in from the capital projects fund totaling \$95,073. The General fund's balance increased \$921,113 from fiscal year 2019.

Using this Generally Accepted Accounting Principles 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 Readington 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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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 Readington Township School District, the General fund is by far the most significant fund.

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 Fiscal Year 2020?" 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. No financial 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 reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

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 statement focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital project fund and debt service fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how much money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the operating results by measuring cash on hand and other assets that can be easily converted into 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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The School District as a Whole

Table 1 provides a summary of the District's net position at June 30, 2020 with comparison to June 30, 2019.

Table 1
Net Position

	06/30/20	06/30/19	Variance	
			Dollars	%
Current & other assets	\$ 8,453,948	\$ 7,645,750	\$ 808,198	10.57%
Capital assets	40,837,900	41,202,280	(364,380)	-0.88%
Total assets	<u>49,291,848</u>	<u>48,848,030</u>	<u>443,818</u>	<u>0.91%</u>
Deferred pension activity	2,232,864	2,227,994	4,870	0.22%
Total deferred outflows of resources	<u>2,232,864</u>	<u>2,227,994</u>	<u>4,870</u>	<u>0.22%</u>
Long-term liabilities	22,446,892	24,228,307	(1,781,415)	-7.53%
Other liabilities	413,374	435,627	(22,253)	-5.11%
Total liabilities	<u>22,860,266</u>	<u>24,663,934</u>	<u>(1,803,668)</u>	<u>7.31%</u>
Deferred pension activity	3,473,515	3,350,904	122,611	3.66%
Total deferred inflows of resources	<u>3,473,515</u>	<u>3,350,904</u>	<u>122,611</u>	<u>3.66%</u>
Net position				
Net investment in capital assets	28,492,900	27,387,280	1,105,620	4.04%
Restricted	5,425,897	4,565,452	860,445	18.85%
Unrestricted	(8,727,866)	(8,891,546)	163,680	-1.84%
Total net position	<u>\$ 25,190,931</u>	<u>\$ 23,061,186</u>	<u>\$ 2,129,745</u>	<u>9.24%</u>

Total assets increased by \$443,818. Cash and cash equivalents increased by \$813,587, receivables and other assets decreased by \$5,389, and capital assets decreased by \$364,380. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$163,680. The negative balance in unrestricted net position is the result of reporting requirements of the State's net pension liability. This is a requirement under GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

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Table 2 provides a summary of the District's changes in net position in fiscal year ending June 30, 2020 with comparisons to fiscal year ending June 30, 2019.

Table 2
Changes in Net Position

	06/30/20	06/30/19	Variance	
			Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 664,954	\$ 812,563	\$ (147,609)	-18.17%
Operating grants	569,140	686,634	(117,494)	-17.11%
General revenues				
Property taxes	31,567,322	30,861,306	706,016	2.29%
Unrestricted grants	13,399,683	14,636,797	(1,237,114)	-8.45%
Other	123,022	188,600	(65,578)	-34.77%
Total revenues	<u>46,324,121</u>	<u>47,185,900</u>	<u>(861,779)</u>	<u>-1.83%</u>
Program expenses				
Instruction				
Regular	17,301,617	18,323,278	(1,021,661)	-5.58%
Special	6,569,476	6,711,755	(142,279)	-2.12%
Other	1,969,110	2,111,490	(142,380)	-6.74%
Support services				
Tuition	935,044	1,075,150	(140,106)	-13.03%
Student & instructional staff	7,838,400	7,544,200	294,200	3.90%
General & business administration	1,756,304	1,733,752	22,552	1.30%
School administration	2,350,013	2,431,356	(81,343)	-3.35%
Maintenance	2,879,796	2,794,372	85,424	3.06%
Transportation	1,743,300	1,906,964	(163,664)	-8.58%
Food service	420,413	549,895	(129,482)	-23.55%
Summer programs	9,393	13,153	(3,760)	-28.59%
Interest on long-term debt	421,510	421,416	94	0.02%
Total expenses	<u>44,194,376</u>	<u>45,616,781</u>	<u>(1,422,405)</u>	<u>-3.12%</u>
Increases (decreases) before special items	<u>2,129,745</u>	<u>1,569,119</u>	<u>560,626</u>	<u>35.73%</u>
Special items				
Gain (loss) on disposal of assets	-	(33,218)	33,218	-100.00%
Total special items	<u>-</u>	<u>(33,218)</u>	<u>33,218</u>	<u>-100.00%</u>
Increase (decrease) in net position	<u>\$ 2,129,745</u>	<u>\$ 1,535,901</u>	<u>\$ 593,844</u>	<u>38.66%</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
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Governmental Activities

The Readington Township Board of Education has their annual election in November, thereby requiring voter budget approval only if the tax levy exceeds state mandated cap. Property taxes made up for 70.01% of revenues for governmental activities for the Readington Township School District for Fiscal Year 2020.

The dependence upon tax revenues is apparent. The community, as a whole, is the primary support for the Readington Township School District. Instruction comprises 58.47% of District expenses. Support services expenses make up 39.60% of the expenses, and interest expense comprises 0.95% of the expenses.

The Statement of Activities shows the cost of the 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. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

Table 3 provides a summary of the School District's cost of governmental and business type services in fiscal year ending June 30, 2020 with comparisons to fiscal year ending June 30, 2019.

Table 3
Cost of Governmental and Business Type Services

	Total Cost of Services		Net Cost of Services	
	06/30/20	06/30/19	06/30/20	06/30/19
Instruction	\$ 25,840,203	\$ 27,146,523	\$ 25,675,694	\$ 26,871,063
Support services				
Tuition	935,044	1,075,150	585,044	714,126
Student & instructional staff	7,838,400	7,544,200	7,600,383	7,360,207
General & business	1,756,304	1,733,752	1,756,304	1,733,752
School administration	2,350,013	2,431,356	2,350,013	2,431,356
Plant operations	2,879,796	2,794,372	2,819,734	2,736,539
Pupil transportation	1,743,300	1,906,964	1,725,023	1,841,800
Food service	420,413	549,895	25,364	8,015
Summer program	9,393	13,153	1,213	(690)
Interest on long-term debt	421,510	421,416	421,510	421,416
Total expenses	<u>\$ 44,194,376</u>	<u>\$ 45,616,781</u>	<u>\$ 42,960,282</u>	<u>\$ 44,117,584</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
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Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student. Pupil and instructional staff costs include the activities involved with assisting staff with content and the 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 facility 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 prescribed by state law. Interest on long-term debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The School District's Funds

School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$39,369,144 and expenditures of \$38,545,511. The net positive change in fund balance for the year of \$823,633 was most significant in the general fund with an increase of \$921,113.

General Fund Budgetary 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 year 2020, 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 and provide flexibility for program management. For the general fund, budgeted revenues were \$31,871,537, which was \$249,775 above original budgeted estimates of \$31,621,762. This difference was due primarily to realized miscellaneous revenues and state aid in excess of original budgets. The general fund revenues and other financing sources of the School District were more than expenditures and other financing uses by \$932,079.

READINGTON TOWNSHIP SCHOOL DISTRICT
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Capital Assets

At the end of fiscal year 2020, the District had \$40,837,900 invested in land, buildings, furniture, equipment, and vehicles.

Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2020 with comparisons to June 30, 2019.

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	06/30/20	06/30/19	Variance	
			Dollars	%
Land	\$ 412,362	\$ 412,362	\$ -	0.00%
Construction in Progress	50,915	292,927	(242,012)	-82.62%
Land Improvements	2,094,216	1,948,909	145,307	7.46%
Buildings & Improvements	36,940,922	37,195,985	(255,063)	-0.69%
Machinery & Equipment	867,780	952,904	(85,124)	-8.93%
Vehicles	471,705	399,193	72,512	18.16%
Total	<u>\$ 40,837,900</u>	<u>\$ 41,202,280</u>	<u>\$ (364,380)</u>	-0.88%

Capital additions were less than depreciation expense and asset disposals in the current fiscal year by \$364,380. Additions to capital assets resulted primarily from expenses related to building improvements and school bus acquisitions in Fiscal Year 2020.

Liabilities and Long-term Debt

At June 30, 2020, the School District had \$22,446,892 in long-term liabilities. At June 30, 2020, the School District's overall legal debt limit was \$96,450,699 and the legal borrowing margin was \$84,105,699.

READINGTON TOWNSHIP SCHOOL DISTRICT
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Table 5 provides a summary of the District's outstanding long-term liabilities at June 30, 2020 with comparisons to June 30, 2019.

Table 5
Long-Term Liabilities at Year-End

	06/30/20	06/30/19	Variance	
			Dollars	%
General obligation bonds	\$ 12,345,000	\$ 13,815,000	\$ (1,470,000)	-10.64%
Net pension liability	8,649,416	8,723,996	(74,580)	-0.85%
Unamortized bond	972,396	1,135,663	(163,267)	-14.38%
Compensated absences	480,080	553,648	(73,568)	-13.30%
Total	<u>\$ 22,446,892</u>	<u>\$ 24,228,307</u>	<u>\$ (1,781,415)</u>	-7.35%

Economic Factors and Next Year’s Budgets and Rates

The District continues its need to rely upon local taxes as its main source of funding. Therefore, especially in consideration of current economic conditions, the Board of Education has proactively sought to control budget expenses to minimize the impact on the local tax levy. Cost savings measures employed in recent years included reductions in staffing levels to reflect declining enrollments, expansion of shared services, employing transportation and sustainability practices in all aspects of school operations. However, as the District understands these measures might not be sustainable long-term without affecting programs and student achievement, the district is projecting no reduction of certificated positions in the 2020-2021. The district has built in a contingency for grade-level teachers due to new housing developments in the township, reallocation of certain positions to better meet student needs, additional professional development and training for mental health and social emotional learning, and expansion of staffing needs and costs relating to special needs students based on individualized education programs. The district formulated its budget to implement action plans developed as a result of a new Strategic Plan developed in January 2020.

The Board of Education developed a budget that was fiscally responsible that addressed the educational needs of our students. The District continues to diligently pursue and maintain a balanced class size with scheduling efficiencies, enrich students’ academic experiences, and continue to implement the district’s Strategic Plan. The District’s budget provided for an expansion of a 1:1 technology initiative for students, and included several safety and facility enhancements. The District achieved this while facing continued declining enrollment and compliance with state and federal educational requirements along with increasing mandates and regulations promulgated by the State Legislature and State Department of Education. The budget was developed prior to the onset of the global pandemic, and the District is adapting as necessary to continue to meet its obligations to students and the community.

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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 any questions about this report or need additional information, contact the School Business Administrator/Board Secretary at Readington Township Board of Education, P.O. Box 807, 52 Readington Road, Whitehouse Station, New Jersey 08889.

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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,609,114	\$ 127,643	2,736,757
Interfunds, net	3,863	-	3,863
Receivables, net	475,056	6,004	481,060
Inventory	-	19,449	19,449
Restricted assets			
Capital reserve account - cash	4,307,205	-	4,307,205
Maintenance reserve account - cash	806,903	-	806,903
Emergency reserve account - cash	74,299	-	74,299
Capital projects fund - cash	24,412	-	24,412
Capital assets, net			
Land	412,362	-	412,362
Construction in progress	50,915	-	50,915
Other capital assets, net of depreciation	40,325,200	49,423	40,374,623
Total assets	<u>49,089,329</u>	<u>202,519</u>	<u>49,291,848</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>2,232,864</u>	<u>-</u>	<u>2,232,864</u>
Liabilities			
Accounts payable	132,147	-	132,147
Accrued interest	230,651	-	230,651
Other current liabilities	4,000	-	4,000
Unearned revenues	8,915	37,661	46,576
Long-term liabilities			
Due within one year	1,758,293	-	1,758,293
Due beyond one year	20,688,599	-	20,688,599
Total liabilities	<u>22,822,605</u>	<u>37,661</u>	<u>22,860,266</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>3,473,515</u>	<u>-</u>	<u>3,473,515</u>
Net position			
Net investment in capital assets	28,443,477	49,423	28,492,900
Restricted for			
Capital projects	103,356	-	103,356
Capital reserve fund	4,307,205	-	4,307,205
Maintenance reserve fund	806,903	-	806,903
Emergency reserve fund	74,299	-	74,299
Debt service fund	134,134	-	134,134
Unrestricted	<u>(8,843,301)</u>	<u>115,435</u>	<u>(8,727,866)</u>
Total net position	<u>\$ 25,026,073</u>	<u>\$ 164,858</u>	<u>\$ 25,190,931</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 8,920,702	\$ 8,380,915	\$ 106,760	\$ 32,578	\$ -	\$ (17,162,279)	\$ -	\$ (17,162,279)
Special education	3,528,585	3,040,891	-	2,274	-	(6,567,202)	-	(6,567,202)
Other special instruction	743,611	715,957	-	22,897	-	(1,436,671)	-	(1,436,671)
Other instruction	268,225	241,317	-	-	-	(509,542)	-	(509,542)
Support services								
Tuition	935,044	-	-	350,000	-	(585,044)	-	(585,044)
Students and instruction related services	4,303,167	3,535,233	185,757	52,260	-	(7,600,383)	-	(7,600,383)
General and business administration services	1,122,313	633,991	-	-	-	(1,756,304)	-	(1,756,304)
School administration services	1,308,662	1,041,351	-	-	-	(2,350,013)	-	(2,350,013)
Plant operations and maintenance	2,527,165	352,631	60,062	-	-	(2,819,734)	-	(2,819,734)
Pupil transportation	1,291,013	452,287	18,277	-	-	(1,725,023)	-	(1,725,023)
Interest on long-term debt	421,510	-	-	-	-	(421,510)	-	(421,510)
Total governmental activities	25,369,997	18,394,573	370,856	460,009	-	(42,933,705)	-	(42,933,705)
Business-type activities								
Food service	420,413	-	285,918	109,131	-	-	(25,364)	(25,364)
Summer programs	9,393	-	8,180	-	-	-	(1,213)	(1,213)
Total business-type activities	429,806	-	294,098	109,131	-	-	(26,577)	(26,577)
Total primary government	\$ 25,799,803	\$ 18,394,573	\$ 664,954	\$ 569,140	\$ -	(42,933,705)	(26,577)	(42,960,282)
General revenues, special items and transfers								
Property taxes levied for general purposes						29,566,452	-	29,566,452
Property taxes levied for debt service						2,000,870	-	2,000,870
Federal and state aid not restricted						13,399,683	-	13,399,683
Investment earnings						86,954	1,647	88,601
Miscellaneous income						34,395	26	34,421
Total general revenues and special items						45,088,354	1,673	45,090,027
Change in net position						2,154,649	(24,904)	2,129,745
Net position - beginning						22,871,424	189,762	23,061,186
Net position - ending						\$ 25,026,073	\$ 164,858	\$ 25,190,931

See accompanying notes to financial statements.

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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,474,980	\$ -	\$ -	\$ 134,134	\$ 2,609,114
Due from other funds	9,932	-	-	-	9,932
Receivables from other governments					
State	370,034	-	78,944	-	448,978
Federal	-	12,682	-	-	12,682
Local	8,163	-	-	-	8,163
Other accounts receivable	233	5,000	-	-	5,233
Restricted cash and equivalents	5,188,407	-	24,412	-	5,212,819
Total assets	\$ 8,051,749	\$ 17,682	\$ 103,356	\$ 134,134	\$ 8,306,921
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 6,069	\$ -	\$ -	\$ 6,069
Accounts payable	129,449	2,698	-	-	132,147
Other current liabilities	4,000	-	-	-	4,000
Unearned revenues	-	8,915	-	-	8,915
Total liabilities	133,449	17,682	-	-	151,131

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2020

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 848,893	\$ -	\$ -	\$ -	\$ 848,893
Excess surplus	825,000	-	-	-	825,000
Capital reserve account	4,307,205	-	-	-	4,307,205
Maintenance reserve account	806,903	-	-	-	806,903
Emergency reserve account	74,299	-	-	-	74,299
Capital projects	-	-	103,356	-	103,356
Committed fund balance					
Year-end encumbrances	320,712	-	-	-	320,712
Assigned fund balance					
Designated for subsequent year's expenditures	112,871	-	-	-	112,871
Debt service fund balance	-	-	-	134,134	134,134
Unassigned fund balance	622,417	-	-	-	622,417
Total fund balances	<u>7,918,300</u>	<u>-</u>	<u>103,356</u>	<u>134,134</u>	<u>8,155,790</u>
Total liabilities and fund balances	<u>\$ 8,051,749</u>	<u>\$ 17,682</u>	<u>\$ 103,356</u>	<u>\$ 134,134</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$67,145,089 and the accumulated depreciation is \$26,356,612.	40,788,477
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(1,240,651)
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.	(22,446,892)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(230,651)</u>
Total net position of governmental activities	<u>\$ 25,026,073</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 29,566,452	\$ -	\$ -	\$ 2,000,870	\$ 31,567,322
Tuition fees	106,760	-	-	-	106,760
Transportation fees	5,200	-	-	-	5,200
Interest on investments	86,954	-	-	-	86,954
Local contributions	-	10,553	-	-	10,553
Rents and royalties	30,715	-	-	-	30,715
Miscellaneous	34,395	-	-	-	34,395
Total local sources	<u>29,830,476</u>	<u>10,553</u>	<u>-</u>	<u>2,000,870</u>	<u>31,841,899</u>
State sources	7,055,643	-	-	7,098	7,062,741
Federal sources	15,048	449,456	-	-	464,504
Total revenues	<u>36,901,167</u>	<u>460,009</u>	<u>-</u>	<u>2,007,968</u>	<u>39,369,144</u>
Expenditures					
Current					
Instructional					
Regular instruction	8,888,124	32,578	-	-	8,920,702
Special education instruction	3,526,311	2,274	-	-	3,528,585
Other special instruction	720,714	22,897	-	-	743,611
Other instruction	268,225	-	-	-	268,225
Support service and undistributed costs					
Tuition	585,044	350,000	-	-	935,044
Student and instruction related services	4,065,150	52,260	-	-	4,117,410
General and business administrative services	1,122,313	-	-	-	1,122,313
School administrative services	1,308,662	-	-	-	1,308,662
Plant operations and maintenance	2,497,818	-	-	-	2,497,818
Pupil transportation	1,277,936	-	-	-	1,277,936
Unallocated benefits	10,529,457	-	-	-	10,529,457

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (continued)					
Capital outlay	\$ 1,217,562	\$ -	\$ -	\$ -	\$ 1,217,562
Debt service					
Principal	-	-	-	1,470,000	1,470,000
Interest and other charges	67,811	-	-	540,375	608,186
Total expenditures	<u>36,075,127</u>	<u>460,009</u>	<u>-</u>	<u>2,010,375</u>	<u>38,545,511</u>
Excess (deficiency) of revenues over (under) expenditures	826,040	-	-	(2,407)	823,633
Other financing sources (uses)					
Transfers in (out)	95,073	-	(229,206)	134,133	-
Total other financing sources (uses)	<u>95,073</u>	<u>-</u>	<u>(229,206)</u>	<u>134,133</u>	<u>-</u>
Net change in fund balance	921,113	-	(229,206)	131,726	823,633
Fund balances, July 1	<u>6,997,187</u>	<u>-</u>	<u>332,562</u>	<u>2,408</u>	<u>7,332,157</u>
Fund balances, June 30	<u>\$ 7,918,300</u>	<u>\$ -</u>	<u>\$ 103,356</u>	<u>\$ 134,134</u>	<u>\$ 8,155,790</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Total net changes in fund balances - governmental fund (from B-2) \$ 823,633

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 expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 1,217,562	
Depreciation expense	<u>(1,573,629)</u>	(356,067)

Repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:

Bond principal payments	1,470,000
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Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium	163,267
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READINGTON TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2020

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. \$ (43,161)

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item. 23,409

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 73,568

Change in net position of governmental activities \$ 2,154,649

READINGTON TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Net Position
June 30, 2020

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 125,136	\$ 1,922	\$ 585	\$ 127,643
Receivables from other governments				
State	1,390	-	-	1,390
Federal	4,614	-	-	4,614
Inventory	19,449	-	-	19,449
Total current assets	<u>150,589</u>	<u>1,922</u>	<u>585</u>	<u>153,096</u>
Noncurrent assets				
Capital assets	191,849	-	-	191,849
Less: accumulated depreciation	142,426	-	-	142,426
Total noncurrent assets	<u>49,423</u>	<u>-</u>	<u>-</u>	<u>49,423</u>
Total assets	<u>200,012</u>	<u>1,922</u>	<u>585</u>	<u>202,519</u>
Liabilities				
Current liabilities				
Unearned revenues	37,661	-	-	37,661
Total liabilities	<u>37,661</u>	<u>-</u>	<u>-</u>	<u>37,661</u>
Net position				
Net investment in capital assets	49,423	-	-	49,423
Unrestricted	112,928	1,922	585	115,435
Total net position	<u>\$ 162,351</u>	<u>\$ 1,922</u>	<u>\$ 585</u>	<u>\$ 164,858</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Operating revenues				
Charges for services				
Daily sales - reimbursable programs	\$ 181,347	\$ -	\$ -	\$ 181,347
Daily sales - non-reimbursable programs	104,571	-	-	104,571
Summer program fees	-	8,180	-	8,180
Total operating revenues	<u>285,918</u>	<u>8,180</u>	<u>-</u>	<u>294,098</u>
Operating expenses				
Cost of sales - reimbursable programs	118,565	-	-	118,565
Cost of sales - non-reimbursable programs	64,301	-	-	64,301
Commodity food costs	30,468	-	-	30,468
Salaries	127,200	7,840	-	135,040
Employee benefits	16,191	1,070	-	17,261
Purchased property services	15,316	-	-	15,316
Other purchased services				
Insurance	12,965	-	-	12,965
Management fee	11,668	-	-	11,668
Other	4,597	-	-	4,597
General supplies	8,492	483	-	8,975
Depreciation	8,313	-	-	8,313
Miscellaneous expenditures	2,337	-	-	2,337
Total operating expenses	<u>420,413</u>	<u>9,393</u>	<u>-</u>	<u>429,806</u>
Operating income (loss)	<u>(134,495)</u>	<u>(1,213)</u>	<u>-</u>	<u>(135,708)</u>
Non-operating revenues (expenses)				
State sources				
State school lunch program	5,173	-	-	5,173
Federal sources				
National school lunch program				
Cash assistance	73,490	-	-	73,490
Non cash assistance (commodities)	30,468	-	-	30,468
Miscellaneous	26	-	-	26
Interest earned on investments	1,647	-	-	1,647
Total non-operating revenues (expenses)	<u>110,804</u>	<u>-</u>	<u>-</u>	<u>110,804</u>
Change in net position	(23,691)	(1,213)	-	(24,904)
Net position, beginning	<u>186,042</u>	<u>3,135</u>	<u>585</u>	<u>189,762</u>
Net position, ending	<u>\$ 162,351</u>	<u>\$ 1,922</u>	<u>\$ 585</u>	<u>\$ 164,858</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Cash flows from operating activities				
Receipts from customers (net)	\$ 297,787	\$ 65	\$ -	\$ 297,852
Payments to employees	(27,776)	(7,840)	-	(35,616)
Payments for employee benefits	(2,125)	(1,070)	-	(3,195)
Payments to Food Service Management Company	(336,337)	-	-	(336,337)
Payments to vendors (net)	(26,798)	(483)	-	(27,281)
Net cash provided by (used for) operating activities	<u>(95,249)</u>	<u>(9,328)</u>	<u>-</u>	<u>(104,577)</u>
Cash flows from non-capital financing activities				
State sources	4,215	-	-	4,215
Federal sources	75,326	-	-	75,326
Miscellaneous	26	-	-	26
Net cash provided by (used for) noncapital financing activities	<u>79,567</u>	<u>-</u>	<u>-</u>	<u>79,567</u>
Cash flows from investing activities				
Interest earned on investments	1,647	-	-	1,647
Net cash provided by (used for) investing activities	<u>1,647</u>	<u>-</u>	<u>-</u>	<u>1,647</u>
Net increase (decrease) in cash and cash equivalents	(14,035)	(9,328)	-	(23,363)
Cash and cash equivalents, beginning	139,171	11,250	585	151,006
Cash and cash equivalents, ending	<u>\$ 125,136</u>	<u>\$ 1,922</u>	<u>\$ 585</u>	<u>\$ 127,643</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (134,495)	\$ (1,213)	\$ -	\$ (135,708)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	8,313	-	-	8,313
Federal food donation program	30,468	-	-	30,468
(Increase) decrease in inventory	(11,433)	-	-	(11,433)
Increase (decrease) in accounts payable	(705)	-	-	(705)
Increase (decrease) in unearned revenues	12,603	(8,115)	-	4,488
Net cash provided by (used for) operating activities	<u>\$ (95,249)</u>	<u>\$ (9,328)</u>	<u>\$ -</u>	<u>\$ (104,577)</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2020

	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 6,065	\$ 68,671	\$ 332,440
Total assets	<u>\$ 6,065</u>	<u>\$ 68,671</u>	<u>\$ 332,440</u>
Liabilities			
Due to other funds	\$ -	\$ 323	\$ 3,540
Due to student groups	-	68,348	-
Payroll deductions and withholdings	-	-	328,900
Total liabilities	<u>-</u>	<u>\$ 68,671</u>	<u>\$ 332,440</u>
Net position			
Reserve for scholarship funds	<u>\$ 6,065</u>		

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	<u>Private Purpose Scholarship Fund</u>
Additions	
Contributions - other	\$ 700
Deductions	
Scholarships awarded	<u>200</u>
Change in net position	500
Net position, beginning of the year	<u>5,565</u>
Net position, end of the year	<u><u>\$ 6,065</u></u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

The financial statements of the Readington Township School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local 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 accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2020 of 1,490 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:

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's Board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, 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 moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

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

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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources 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 in the special revenue fund.

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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.

Additionally, the District reports the following fund types:

Proprietary fund types

Proprietary Fund - The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

Enterprise Fund - The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's enterprise funds are comprised of the food service fund, summer enrichment fund and summer sport camps fund.

All proprietary funds are accounted for on a current financial resource's measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

Equipment	12 Years
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Fiduciary fund types

Trust and Agency Funds - This fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the trust and agency funds of the District.

Private Purpose Scholarship Fund - This fund is used to account for scholarship accounts donated to the District to be utilized for scholarship awards to qualifying students.

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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.

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as 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 unearned 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.

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition payable

Tuition charges for the fiscal year 2019-2020 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, 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. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	50
Building improvements & portable classroom	20 - 50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10
Vehicles	8

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement Number 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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

Unearned revenue in the enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

N. Net Position

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net Position (continued)

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

The school district applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Use of estimates

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

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF Pension Contributions, reimbursed TPAF Social Security Contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amount on pension activity. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et. seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed, as to amount of collection, by the municipality (the collection agency) and are transmitted to the school district in accordance with the Schedule of Tax Installments as certified by the school district's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2020, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits, cash equivalents, and investments (continued)

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2020, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	8,548,155
Total bank balances	\$ 8,798,155

Deposits at June 30, 2020 appear in the financial statements as summarized below:

Cash		\$ 8,356,752
Unrestricted cash		
Governmental funds, Balance Sheet	Ref. B-1	\$ 2,609,114
Enterprise funds, Statement of Net Position	B-4	127,643
Fiduciary funds, Statement of Net Position	B-7	407,176
Restricted cash		
Governmental funds, Balance Sheet	B-1	5,212,819
Total cash		\$ 8,356,752

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 -

Capital assets

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 412,362	\$ -	\$ -	\$ 412,362
Construction in progress	292,927	934,415	1,176,427	50,915
Total	<u>705,289</u>	<u>934,415</u>	<u>1,176,427</u>	<u>463,277</u>
Capital assets, being depreciated				
Land improvements	3,798,661	273,909	-	4,072,570
Building & improvements	56,282,682	940,170	-	57,222,852
Vehicles	2,402,962	172,427	119,028	2,456,361
Furniture & equipment	2,856,961	73,068	-	2,930,029
Total	<u>65,341,266</u>	<u>1,459,574</u>	<u>119,028</u>	<u>66,681,812</u>
Accumulated depreciation				
Land improvements	1,849,752	128,602	-	1,978,354
Building & improvements	19,086,697	1,195,233	-	20,281,930
Vehicles	2,003,769	99,915	119,028	1,984,656
Furniture & equipment	1,961,793	149,879	-	2,111,672
Total	<u>24,902,011</u>	<u>1,573,629</u>	<u>119,028</u>	<u>26,356,612</u>
Total capital assets, being depreciated, net	<u>40,439,255</u>	<u>(114,055)</u>	<u>-</u>	<u>40,325,200</u>
Transfer	<u>-</u>	<u>(1,176,427)</u>	<u>(1,176,427)</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ 41,144,544</u>	<u>\$ (356,067)</u>	<u>\$ -</u>	<u>\$ 40,788,477</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 191,849	\$ -	\$ -	\$ 191,849
Less: accumulated depreciation	134,113	8,313	-	142,426
Business type activities capital assets, net	<u>\$ 57,736</u>	<u>\$ (8,313)</u>	<u>\$ -</u>	<u>\$ 49,423</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)
 Depreciation expense was charged to governmental functions in the current year as follows:

Instruction		
Regular	\$	662,042
Special education		248,943
Other special instruction		51,671
Other instruction		19,738
Support services		
Student & instruction		290,123
General & business administration		85,571
School administration		92,073
Plant maintenance		26,261
Transportation		97,207
Total depreciation expense, governmental activities	<u>\$</u>	<u>1,573,629</u>

Note 5 - Long-term debt
 Long-term liability activity for the fiscal year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 13,815,000	\$ -	\$ 1,470,000	\$ 12,345,000	\$ 1,565,000
Unamortized bond premium	1,135,663	-	163,267	972,396	160,998
PERS net pension liability	8,723,996	-	74,580	8,649,416	-
Compensated absences payable	553,648	-	73,568	480,080	32,295
Total governmental activities long-term liabilities	<u>\$ 24,228,307</u>	<u>\$ -</u>	<u>\$ 1,781,415</u>	<u>\$ 22,446,892</u>	<u>\$ 1,758,293</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The compensated absences liability is paid in the current expenditures budget of the District's general fund and the other long-term debts are amortized over a determined period.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2020, including interest payments are listed as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,565,000	\$ 484,037	\$ 2,049,037
2022	1,620,000	426,787	2,046,787
2023	1,685,000	367,238	2,052,238
2024	1,755,000	299,763	2,054,763
2025	1,840,000	222,888	2,062,888
2026 - 2027	3,880,000	197,250	4,077,250
Total	<u>\$ 12,345,000</u>	<u>\$ 1,997,963</u>	<u>\$ 14,342,963</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2020, with their outstanding balances are comprised of the following individual issues:

\$7,905,000 - 2013 refunding school bonds, interest at 3.00% to 4.00%, due in annual installments beginning January 1, 2014 to January 1, 2027.	\$ 4,640,000
\$8,495,000 - 2016 refunding school bonds, interest at 2.00% to 5.00%, due in annual installments beginning July 15, 2018 to July 15, 2026.	<u>7,705,000</u>
Total general obligation bonds	<u>\$ 12,345,000</u>

The general obligation bonded debt of the District is limited by State Law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2020 is \$96,450,699. General obligation debt at June 30, 2020 is \$12,345,000, resulting in a legal debt margin of \$84,105,699.

Operating leases

At June 30, 2020, the District had operating lease agreements in effect for copy machines and a mail machine. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year Ended June 30,</u>	
2021	\$ 51,778
2022	51,778
2023	493
Total minimum lease payments	<u>\$ 104,049</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by state statute: The Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The TPAF retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers.

A. Public employees' retirement systems (PERS)

Plan description

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

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 10 years of service.

The following represents the membership tiers for PERS:

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and non-employer allocations are applied to amounts presented in the schedules of pension amounts by employer and non-employer. The allocation percentages for each group as of June 30, 2019 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2019 measurement date.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the state. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Contributions (continued)

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

The District's contractually required contribution rate for the year ended June 30, 2020 was 12.67% of the Municipality's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2019:

Net pension liability	\$ 8,649,416
Proportionate share	0.0480030215%
Plan fiduciary net position as a percentage of the total pension liability	56.27%

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on age)	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Investment rate of return	7.00%

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information (continued)

Preretirement mortality rates were based on the Pub-10 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, 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 based on 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2019 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (6.28%)	\$ 8,649,416
At a 1% lower rate (5.28%)	11,001,624
At a 1% higher rate (7.28%)	6,778,222

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2019 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 155,246	\$ 38,209
Changes of assumptions	863,676	3,002,185
Net difference between projected and actual earnings on pension plan investments	-	136,534
Changes in proportion and differences between District contributions and proportionate share of contributions	747,014	296,587
District contributions subsequent to the measurement date	466,928	-
Total	\$ 2,232,864	\$ 3,473,515

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The amount 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 ended June 30, 2020, the plan measurement date is June 30, 2019) of \$466,928 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2019 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 166,368	\$ (11,122)	\$ 155,246
Changes of assumptions	1,437,570	(573,894)	863,676
Deferred inflows of resources			
Differences between expected and actual experience	(44,984)	6,775	(38,209)
Changes of assumptions	(2,789,470)	(212,715)	(3,002,185)
Difference between projected and actual earnings on pension plan investments	(81,831)	(54,703)	(136,534)
Net of deferred outflows	<u>\$ (1,312,347)</u>	<u>\$ (845,659)</u>	<u>\$ (2,158,006)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Fiscal Year Ended June 30,

2020	\$ (249,756)
2021	(810,202)
2022	(723,464)
2023	(339,703)
2024	(34,881)
Total	<u>\$ (2,158,006)</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense

For the fiscal year ended June 30, 2020, the District recognized net pension expense of \$510,091, which represents the District's proportionate share of allocable plan pension expense of \$401,003 plus the net amortization of deferred amounts from changes in proportion of \$135,296, less pension expense related to specific liabilities of individual employers of \$6,045, less other adjustments to the net pension liability of \$20,163.

The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2019 measurement date are as follows:

Service cost	\$	333,121
Interest on total pension liability		987,339
Member contributions		(229,445)
Administrative expense		6,078
Expected investment return net of investment expense		(612,636)
Pension expense related to specific liabilities of individual employers		(2,869)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		74,334
Amortization of expected versus actual experience		(227,194)
Amortization of projected versus actual investment earnings on pension plan investments		72,275
Pension expense	\$	401,003

B. Teacher's pension and annuity fund (TPAF)

Plan description

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

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. 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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher’s pension and annuity fund (TPAF)
Plan description (continued)

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

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

Contributions

The State’s pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2019, the State’s pension contribution was less than the actuarial determined amount.

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities’ total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities’ total proportionate share of the collective pension expense associated with the local participating employer.

During the State fiscal year ended June 30, 2019, the State of New Jersey contributed \$2,655,114 to the TPAF for normal pension benefits on behalf of the District.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Special funding situation (continued)

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2019 measurement date is as follows:

District proportionate share of net pension liability	\$ 110,941,714
Less: State proportionate share of net pension liability	29,899,534
Net pension liability	\$ 81,042,180

Proportionate share	0.1320530118%
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Plan fiduciary net position as a percentage of the total pension liability	26.95%
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Actuarial assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
2012 - 2021	1.55% - 4.45%
Thereafter	2.75% - 5.65%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2019 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (5.60%)	\$ 81,042,180
At a 1% lower rate (4.60%)	95,566,667
At a 1% higher rate (6.60%)	68,991,441

Pension expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2019 measurement date are as follows:

Service cost	\$ 2,479,359
Interest on total pension liability	5,535,072
Member contributions	(1,114,697)
Administrative expense	18,341
Expected investment return net of investment expense	(2,032,519)
Pension expense related to specific liabilities of individual employers	(395)
Recognition of deferred inflows/outflows of resources	-
Amortization of assumption changes or inputs	234,789
Amortization of expected versus actual experience	(786,025)
Amortization of projected versus actual investment earnings on pension plan investments	446,159
Pension expense	<u>\$ 4,780,084</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2020) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended June 30, 2020 was \$6,613.

D. Other pension plan information

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$1,075,720 to the TPAF for postretirement medical benefits, \$51,058 for non-contributory insurance premiums, \$2,166 for long-term disability insurance, and \$2,848,600 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,063,052 during the fiscal year ended June 30, 2020 for the employer's share of Social Security Contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternative Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In fiscal year 2019, the State paid PRM benefits for 153,893 State and local retirees.

The State funds postretirement medical benefits on a pay-as-you-go basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have remained consistent with fiscal year 2019 amounts. The State has appropriated 1.612 billion in fiscal year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The fiscal year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in fiscal year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2019 measurement date is as follows:

State's proportionate share of the OPEB liability	\$	41,729,081,045
District's proportionate share of the State's OPEB liability		55,818,313
Employer OPEB expense and related revenue		1,541,810
Allocable proportionate percentage		0.1337635807%

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)
Total OPEB liability (continued)
Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2018	\$ 59,173,393
Service cost	2,295,262
Interest cost	2,346,970
Change of benefit terms	-
Differences between expected and actual experiences	(7,166,904)
Changes of assumptions	832,256
Member contributions	50,792
Gross benefit payments	(1,713,456)
Total OPEB liability at June 30, 2019	\$ 55,818,313

There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

The total non-employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 3.05%	2.00% - 6.00%
Thereafter	1.55% - 3.05%	3.00% - 7.00%

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2019 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (3.50%)	\$	55,818,313
At a 1% lower rate (2.50%)		65,943,486
At a 1% higher rate (4.50%)		47,775,431

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$	55,818,313
At a 1% lower rate (1% decrease)		45,991,802
At a 1% higher rate (1% increase)		68,826,596

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$1,541,810 determined by the state as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

Note 8 - Deferred compensation

The Board offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The District has awarded third party service agreements to The Omni Group and Fidelity Investments for Internal Revenue Code Sections 403(b) and 457 plan administration services.

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2020 is as follows:

Fund	Receivable Fund	Payable Fund
General fund	\$ 9,932	\$ -
Special revenue fund	-	6,069
Student activity agency fund	-	323
Payroll agency fund	-	3,540
Total	\$ 9,932	\$ 9,932

The balance due from the special revenue fund to the general fund represents a loan as a result of cash flow issues relating to the delayed receipt of grant revenues. The balance due from the payroll agency fund to the general fund represents excess payroll expenses that are due back to the general fund. The balance due from the student activity fund to the general fund represents student activity expenditures that were processed in the general fund.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2020 consisted of the following:

Food	\$ 14,205
Supplies	5,244
Total	\$ 19,449

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - Contingent liabilities

Amounts received, or are receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

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, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the Contributory Method. Under this plan, the District is required to remit the entire employee deduction of unemployment compensation to the state. Any claims for unemployment are paid for by the state from those funds.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Reserve accounts

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long-Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, 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 NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$1,500,000 to their capital reserve account, \$50,000 to their emergency reserve, and \$319,731 to their maintenance reserve account by Board Resolution in June 2020 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 3,441,021	\$ 1,500,000	\$ 28,677	\$ 465,507	\$ 1,128,000	\$ 4,307,205
Emergency	222,282	50,000	2,017	-	200,000	74,299
Maintenance	567,179	319,731	-	124,993	205,000	806,903
Total	<u>\$ 4,230,482</u>	<u>\$ 1,869,731</u>	<u>\$ 30,694</u>	<u>\$ 590,500</u>	<u>\$ 1,533,000</u>	<u>\$ 5,188,407</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2020 is as follows:

Restricted

Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements	\$ 848,893
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets.	825,000
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	4,307,205
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	74,299
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	806,903

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	320,712
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Assigned

Designated for subsequent year's expenditures	112,871
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	782,758
Total fund balance - Budgetary basis	8,078,641
Last state aid payments not recognized on GAAP basis	(160,341)
Total fund balance - GAAP basis	\$ 7,918,300

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$825,000.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 16 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2020 of (\$8,843,301) on Schedule A-1, Statement of Net Position. The deficit balance is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the state's net pension liability for PERS to each contributing entity throughout the state.

Note 17 - Solar power purchase agreement (PPA)

The District entered into a Solar Power Purchase Agreement with Ameresco (the Developer) on September 23, 2016, and Amendment No. 1 on May 26, 2017. Under the terms of the 15-year contract, the District is leasing the solar equipment from Ameresco for the rights to receive the energy savings over the 15-year period through a reduced dollar per kwh. The District has the option to buy the equipment at end of the 15 years or have it removed. Any default of the agreement by the District would result in a buyer termination payment to the Developer ranging from approximately \$4.9 million in year 1 to approximately \$69,000 in year 15.

Note 18 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report:

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. This statement is effective for reporting periods beginning after June 15, 2021 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement is effective for reporting periods beginning after December 15, 2019 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for reporting periods beginning after June 15, 2022. The District is evaluating the effect of the pronouncement on financial reporting.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 19 - Risks and uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The “COVID-19 outbreak”) and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity, and future results of operations.

Note 20 - Subsequent events

The District has evaluated subsequent events through January 11, 2021, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenue					
Local sources					
Local tax levy	\$ 29,566,452	\$ -	\$ 29,566,452	\$ 29,566,452	\$ -
Tuition from individuals	50,000	-	50,000	67,454	17,454
Tuition from other LEAs within the state	-	-	-	39,306	39,306
Transportation fees from individuals	4,500	-	4,500	5,200	700
Rents and royalties	45,000	-	45,000	30,715	(14,285)
Unrestricted miscellaneous revenues	70,000	-	70,000	90,655	20,655
Interest earned on current expense emergency reserve	-	-	-	2,017	2,017
Interest earned on capital reserve funds	4,000	-	4,000	28,677	24,677
Total	29,739,952	-	29,739,952	29,830,476	90,524
State sources					
Categorical transportation aid	394,345	-	394,345	394,345	-
Extraordinary aid	154,709	-	154,709	316,789	162,080
Categorical special education aid	1,245,301	-	1,245,301	1,245,301	-
Categorical security aid	69,578	-	69,578	69,578	-
TPAF Pension (on-behalf)	-	-	-	2,899,658	2,899,658
TPAF Social Security (reimbursed)	-	-	-	1,063,052	1,063,052
TPAF Postretirement benefits	-	-	-	1,075,720	1,075,720
TPAF Long-term disability insurance	-	-	-	2,166	2,166
Total	1,863,933	-	1,863,933	7,066,609	5,202,676
Federal sources					
Medicaid reimbursement	17,877	-	17,877	15,048	(2,829)
Total	17,877	-	17,877	15,048	(2,829)
Total revenues	\$ 31,621,762	\$ -	\$ 31,621,762	\$ 36,912,133	\$ 5,290,371
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 69,590	\$ -	\$ 69,590	\$ 69,588	\$ 2
Kindergarten	589,980	2,288	592,268	579,949	12,319
Grades 1-5	4,494,476	102,193	4,596,669	4,473,086	123,583
Grades 6-8	3,464,165	(298,997)	3,165,168	3,111,036	54,132
Home instruction					
Salaries of teacher	15,000	-	15,000	10,908	4,092
Purchased professional - educational services	5,000	300	5,300	4,253	1,047
Other purchased services	650	-	650	411	239
Regular programs - undistributed instruction					
Other salaries for instruction	143,788	6,419	150,207	97,967	52,240
Purchased professional - educational services	1,200	-	1,200	-	1,200
Other purchased services	72,710	1,000	73,710	38,041	35,669
General supplies	528,641	(13,224)	515,417	412,083	103,334
Textbooks	79,014	11,620	90,634	89,590	1,044
Other objects	1,720	320	2,040	1,212	828
Total	9,465,934	(188,081)	9,277,853	8,888,124	389,729

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 146,975	\$ 1,184	\$ 148,159	\$ 142,644	\$ 5,515
Other salaries for instruction	47,758	24,889	72,647	71,747	900
Other purchased services	2,000	-	2,000	1,563	437
General supplies	6,600	(2,500)	4,100	4,017	83
Total	203,333	23,573	226,906	219,971	6,935
Behavioral disabilities					
Salaries of teachers	68,515	522	69,037	43,747	25,290
Other salaries for instruction	44,864	8,638	53,502	24,208	29,294
Total	113,379	9,160	122,539	67,955	54,584
Resource room/resource center					
Salaries of teachers	2,250,255	88,884	2,339,139	2,070,840	268,299
Other salaries for instruction	671,550	(31,578)	639,972	541,186	98,786
General supplies	28,125	(350)	27,775	17,265	10,510
Textbooks	650	-	650	119	531
Total	2,950,580	56,956	3,007,536	2,629,410	378,126
Autism					
Salaries of teachers	72,505	121,420	193,925	192,995	930
Other salaries for instruction	23,533	81,242	104,775	104,275	500
General supplies	1,400	2,500	3,900	3,211	689
Total	97,438	205,162	302,600	300,481	2,119
Preschool disabilities - part-time					
Salaries of teachers	30,140	-	30,140	29,118	1,022
Other salaries for instruction	23,100	170,816	193,916	192,679	1,237
General supplies	950	-	950	802	148
Total	54,190	170,816	225,006	222,599	2,407
Preschool disabilities - full-time					
Salaries of teachers	85,570	-	85,570	84,378	1,192
General supplies	1,900	163	2,063	1,517	546
Total	87,470	163	87,633	85,895	1,738
Total special education	3,506,390	465,830	3,972,220	3,526,311	445,909
Basic skills/remedial					
Salaries of teachers	733,040	1,304	734,344	638,749	95,595
General supplies	1,623	(72)	1,551	1,458	93
Total	734,663	1,232	735,895	640,207	95,688

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Bilingual education - instruction					
Salaries of teachers	\$ 78,785	\$ -	\$ 78,785	\$ 78,785	\$ -
Other purchased services	1,650	(400)	1,250	670	580
General supplies	450	650	1,100	1,052	48
Total	80,885	250	81,135	80,507	628
School-sponsored co/extra curricular activities - instruction					
Salaries	120,470	-	120,470	94,378	26,092
Purchased services	1,500	-	1,500	1,125	375
Supplies and materials	6,375	(60)	6,315	3,805	2,510
Other objects	1,131	(554)	577	577	-
Total	129,476	(614)	128,862	99,885	28,977
School-sponsored athletics - instruction					
Salaries	150,730	-	150,730	147,114	3,616
Purchased services	16,064	(2,976)	13,088	9,512	3,576
Supplies and materials	11,522	70	11,592	11,589	3
Other objects	1,550	(70)	1,480	125	1,355
Total	179,866	(2,976)	176,890	168,340	8,550
Total instruction regular	\$ 14,097,214	\$ 275,641	\$ 14,372,855	\$ 13,403,374	\$ 969,481
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ -	\$ 13,232	\$ 13,232	\$ 13,232	\$ -
Tuition to priv. school for the disabled w/i state	770,107	(34,066)	736,041	571,812	164,229
Total	770,107	(20,834)	749,273	585,044	164,229
Undistributed expenditures - health services					
Salaries	330,465	-	330,465	315,250	15,215
Purchased professional and technical services	68,410	(3,100)	65,310	46,925	18,385
Other purchased services	1,500	-	1,500	308	1,192
Supplies and materials	13,850	3,890	17,740	12,674	5,066
Other objects	400	-	400	340	60
Total	414,625	790	415,415	375,497	39,918
Undistributed expenditures - speech, ot, pt & related services					
Salaries	576,128	3,000	579,128	560,650	18,478
Purchased professional - educational services	125,460	(12,240)	113,220	103,093	10,127
Supplies and materials	2,500	1,200	3,700	3,071	629
Other objects	400	3,850	4,250	1,830	2,420
Total	704,488	(4,190)	700,298	668,644	31,654
Undistributed expend - other supp. service stds. - extra service					
Salaries	381,967	(19,850)	362,117	297,625	64,492
Purchased professional - educational services	3,500	-	3,500	-	3,500
Supplies and materials	5,000	(4,654)	346	285	61
Total	390,467	(24,504)	365,963	297,910	68,053

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - guidance					
Salaries of other professional staff	\$ 506,270	\$ -	\$ 506,270	\$ 454,020	\$ 52,250
Other salaries	1,000	-	1,000	-	1,000
Purchased professional - educational services	1,000	(450)	550	-	550
Other purchased services	1,350	450	1,800	1,171	629
Supplies and materials	12,670	(4,855)	7,815	6,842	973
Total	<u>522,290</u>	<u>(4,855)</u>	<u>517,435</u>	<u>462,033</u>	<u>55,402</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	733,121	148	733,269	733,268	1
Salaries of secretarial and clerical assistants	151,095	-	151,095	149,771	1,324
Other salaries	3,000	-	3,000	-	3,000
Other purchased professional & technical services	70,820	(5,973)	64,847	35,454	29,393
Other purchased services	38,677	(700)	37,977	33,311	4,666
Supplies and materials	16,350	(1,320)	15,030	10,608	4,422
Total	<u>1,013,063</u>	<u>(7,845)</u>	<u>1,005,218</u>	<u>962,412</u>	<u>42,806</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	325,256	86,919	412,175	412,175	-
Salaries of other professional staff	12,210	-	12,210	-	12,210
Salaries of secretarial & clerical assist	25,750	-	25,750	25,700	50
Other purchased services	15,195	(1,000)	14,195	5,937	8,258
Supplies and materials	2,850	(600)	2,250	2,108	142
Other objects	7,525	(260)	7,265	7,093	172
Total	<u>388,786</u>	<u>85,059</u>	<u>473,845</u>	<u>453,013</u>	<u>20,832</u>
Undistributed expenditures - edu. media service/sch. library					
Salaries	483,623	1,845	485,468	411,564	73,904
Salaries of technology coordinators	53,802	-	53,802	53,541	261
Purchased professional and technical services	10,000	-	10,000	-	10,000
Other purchased services	164,131	98	164,229	143,186	21,043
Supplies and materials	16,791	401	17,192	16,654	538
Other objects	65	-	65	65	-
Total	<u>728,412</u>	<u>2,344</u>	<u>730,756</u>	<u>625,010</u>	<u>105,746</u>
Undistributed expenditures - instructional staff training services					
Salaries of other professional staff	270,000	(73,888)	196,112	175,970	20,142
Salaries of secretarial & clerical assist.	25,750	-	25,750	25,700	50
Purchased professional - educational services	6,000	595	6,595	6,595	-
Other purchased services	14,900	1,030	15,930	11,177	4,753
Supplies and materials	1,200	-	1,200	1,189	11
Total	<u>317,850</u>	<u>(72,263)</u>	<u>245,587</u>	<u>220,631</u>	<u>24,956</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expend. - support service - general admin.					
Salaries	\$ 257,100	\$ (5,200)	\$ 251,900	\$ 240,334	\$ 11,566
Legal services	80,000	23,901	103,901	86,773	17,128
Audit fees	63,000	-	63,000	20,750	42,250
Architectural/engineering services	3,000	(1,653)	1,347	-	1,347
Other purchased professional services	38,158	-	38,158	38,090	68
Communications/telephone	117,564	5,330	122,894	115,910	6,984
BOE other purchased services	5,600	(306)	5,294	3,899	1,395
Miscellaneous purchased services	77,250	(11,083)	66,167	56,511	9,656
General supplies	2,450	987	3,437	3,352	85
BOE in-house training/meeting supplies	600	-	600	358	242
Miscellaneous expenditures	3,000	250	3,250	3,250	-
BOE membership dues and fees	18,050	(537)	17,513	17,418	95
Total	665,772	11,689	677,461	586,645	90,816
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	812,812	-	812,812	812,812	-
Salaries of secretarial and clerical assistants	426,185	88	426,273	418,789	7,484
Other purchased services	53,150	(538)	52,612	44,479	8,133
Supplies and materials	25,652	6,266	31,918	26,362	5,556
Other objects	7,245	366	7,611	6,220	1,391
Total	1,325,044	6,182	1,331,226	1,308,662	22,564
Undistributed expenditures - central services					
Salaries	413,186	441	413,627	411,555	2,072
Purchased professional services	950	50	1,000	1,000	-
Purchased technical services	23,050	222	23,272	21,536	1,736
Miscellaneous purchased services	5,900	(553)	5,347	3,773	1,574
Supplies and materials	5,750	4,236	9,986	9,125	861
Other objects	2,600	(432)	2,168	2,168	-
Total	451,436	3,964	455,400	449,157	6,243
Undistributed expenditures - admin. info. technology					
Salaries	86,302	-	86,302	85,923	379
Other purchased services	3,500	-	3,500	588	2,912
Other objects	1,200	-	1,200	-	1,200
Total	91,002	-	91,002	86,511	4,491
Undistributed expend. - required maint. for school facilities					
Salaries	329,715	-	329,715	303,547	26,168
Cleaning, repair, and maintenance services	342,825	(8,046)	334,779	192,715	142,064
Lead testing in water	5,792	1	5,793	5,793	-
General supplies	65,000	8,046	73,046	60,201	12,845
Total	743,332	1	743,333	562,256	181,077

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 260,556	\$ -	\$ 260,556	\$ 234,873	\$ 25,683
Unused vacation payment to terminated/retired staff	-	12,449	12,449	12,449	-
Purchased professional and technical services	41,280	14,690	55,970	44,392	11,578
Cleaning, repair, and maintenance service	774,746	30,000	804,746	791,923	12,823
Other purchased property services	28,000	-	28,000	22,574	5,426
Insurance	71,000	-	71,000	69,471	1,529
Miscellaneous purchased services	10,000	-	10,000	8,876	1,124
General supplies	141,000	(22,474)	118,526	117,241	1,285
Energy (natural gas)	170,000	-	170,000	126,727	43,273
Energy (electricity)	397,500	-	397,500	352,628	44,872
Other objects	3,000	-	3,000	1,986	1,014
Total	1,897,082	34,665	1,931,747	1,783,140	148,607
Undistributed expenditures - care and upkeep of grounds					
Salaries	54,422	-	54,422	37,119	17,303
Cleaning, repair, and maintenance service	43,000	-	43,000	26,313	16,687
General supplies	29,000	-	29,000	11,762	17,238
Total	126,422	-	126,422	75,194	51,228
Undistributed expenditures - security					
Purchased professional and technical services	62,000	177	62,177	43,643	18,534
Cleaning, repair, and maintenance service	8,801	8,984	17,785	17,785	-
General supplies	23,000	(6,624)	16,376	15,800	576
Total	93,801	2,537	96,338	77,228	19,110
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	7,137	-	7,137	-	7,137
Salaries for pupil trans. (between home & school) - reg.	502,863	20,569	523,432	511,072	12,360
Salaries for pupil trans. (between home & school) - sp. ed.	198,569	(73,909)	124,660	110,042	14,618
Salaries for pupil trans. (other than between home & school)	57,637	(94)	57,543	9,427	48,116
Management fee - esc & ctsa trans. program	12,000	-	12,000	7,678	4,322
Other purchased professional and technical service	205,100	(64,645)	140,455	133,081	7,374
Cleaning, repair, & maint. services	32,650	(10,000)	22,650	14,589	8,061
Contract service (between home & school) - vendors	176,245	4,138	180,383	155,236	25,147
Contr service (oth. than between home & school) - vend.	75,000	(75,000)	-	-	-
Contract service (between home & school) - joint agreements	-	75,000	75,000	42,271	32,729
Contract service (sp. ed. stds) - escs & ctsas	210,000	(19,000)	191,000	142,230	48,770
Miscellaneous purchased services - transportation	49,695	-	49,695	45,942	3,753
General supplies	2,500	-	2,500	1,949	551
Transportation supplies	191,409	(11,956)	179,453	102,323	77,130
Other objects	3,590	-	3,590	2,096	1,494
Total	1,724,395	(154,897)	1,569,498	1,277,936	291,562

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Unallocated benefits - employee benefits					
Social security contributions	\$ 448,310	\$ (53,574)	\$ 394,736	\$ 384,052	\$ 10,684
Other retirement contributions - PERS	460,000	10,069	470,069	470,068	1
Other retirement contributions - regular	13,000	-	13,000	6,573	6,427
Unemployment compensation	80,000	(7,959)	72,041	67,346	4,695
Workmen's compensation	260,000	(20,000)	240,000	238,690	1,310
Health benefits	4,432,631	(194,375)	4,238,256	4,052,981	185,275
Tuition reimbursement	177,500	-	177,500	79,791	97,709
Other employee benefits	234,000	(16,428)	217,572	152,543	65,029
Unused sick payment to terminated/retired staff	-	45,000	45,000	36,817	8,183
Total	<u>6,105,441</u>	<u>(237,267)</u>	<u>5,868,174</u>	<u>5,488,861</u>	<u>379,313</u>
On-behalf TPAF Pension contribution	-	-	-	2,899,658	(2,899,658)
On-behalf TPAF Postretirement medical benefits	-	-	-	1,075,720	(1,075,720)
On-behalf TPAF Long-term disability insurance	-	-	-	2,166	(2,166)
Reimbursed TPAF Social Security contribution	-	-	-	1,063,052	(1,063,052)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,040,596</u>	<u>(5,040,596)</u>
Total undistributed expenditures	<u>\$ 18,473,815</u>	<u>\$ (379,424)</u>	<u>\$ 18,094,391</u>	<u>\$ 21,386,380</u>	<u>\$ (3,291,989)</u>
Total current	<u>\$ 32,571,029</u>	<u>\$ (103,783)</u>	<u>\$ 32,467,246</u>	<u>\$ 34,789,754</u>	<u>\$ (2,322,508)</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ 21,950	\$ 13,668	\$ 35,618	\$ 30,755	\$ 4,863
Undistributed expend. - support service - related & extra.	-	18,427	18,427	18,427	-
Undistributed expenditures - custodial services	37,370	-	37,370	37,370	-
Undistributed expenditures student transportation	14,353	-	14,353	5,953	8,400
School buses - regular	277,799	71,463	349,262	135,057	214,205
Total equipment	<u>351,472</u>	<u>103,558</u>	<u>455,030</u>	<u>227,562</u>	<u>227,468</u>
Facilities acquisition and construction service					
Architectural/engineering services	49,938	78,000	127,938	74,447	53,491
Construction services	1,306,729	-	1,306,729	915,553	391,176
Assessment for debt service on SDA funding	67,811	-	67,811	67,811	-
Total facilities acquisition and construction service	<u>1,424,478</u>	<u>78,000</u>	<u>1,502,478</u>	<u>1,057,811</u>	<u>444,667</u>
Total capital outlay	<u>\$ 1,775,950</u>	<u>\$ 181,558</u>	<u>\$ 1,957,508</u>	<u>\$ 1,285,373</u>	<u>\$ 672,135</u>
Total expenditures	<u>\$ 34,346,979</u>	<u>\$ 77,775</u>	<u>\$ 34,424,754</u>	<u>\$ 36,075,127</u>	<u>\$ (1,650,373)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,725,217)</u>	<u>\$ (77,775)</u>	<u>\$ (2,802,992)</u>	<u>\$ 837,006</u>	<u>\$ 3,639,998</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Other financing sources (uses)					
Operating transfer in					
Transfers from capital projects fund	\$ -	\$ -	\$ -	\$ 95,073	\$ 95,073
Total other financing sources (uses)	-	-	-	95,073	95,073
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(2,725,217)	(77,775)	(2,802,992)	932,079	3,735,071
Fund balances, July 1	7,146,562	-	7,146,562	7,146,562	-
Fund balances, June 30	<u>\$ 4,421,345</u>	<u>\$ (77,775)</u>	<u>\$ 4,343,570</u>	<u>\$ 8,078,641</u>	<u>\$ 3,735,071</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (346,016)	\$ -	\$ (346,016)	\$ (346,016)	\$ -
Increase in capital reserve	-	1,500,000	1,500,000	1,500,000	-
Interest deposit to capital reserve	4,000	-	4,000	28,677	24,677
Withdrawal from capital reserve	(1,050,000)	(78,000)	(1,128,000)	(662,493)	465,507
Increase in emergency reserve	-	50,000	50,000	50,000	-
Interest earned on emergency reserve	-	-	-	2,017	2,017
Withdrawal from emergency reserve	(200,000)	-	(200,000)	(200,000)	-
Increase in maintenance reserve	-	319,731	319,731	319,731	-
Withdrawal from maintenance reserve	(205,000)	-	(205,000)	(80,007)	124,993
Budgeted fund balance	(928,201)	(1,869,506)	(2,797,707)	320,170	3,117,877
Total	<u>\$ (2,725,217)</u>	<u>\$ (77,775)</u>	<u>\$ (2,802,992)</u>	<u>\$ 932,079</u>	<u>\$ 3,735,071</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 848,893	
Excess surplus - current year				825,000	
Capital reserve				4,307,205	
Emergency reserve				74,299	
Maintenance reserve				806,903	
Committed fund balance					
Year-end encumbrances				320,712	
Assigned fund balance					
Designated for subsequent year's expenditures				112,871	
Unassigned fund balance				<u>782,758</u>	
Fund balance per budgetary basis				8,078,641	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(160,341)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 7,918,300</u>	

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources	\$ 19,469	\$ -	\$ 19,469	\$ 9,403	\$ (10,066)
Federal sources	504,233	-	504,233	449,456	(54,777)
Total revenues	\$ 523,702	\$ -	\$ 523,702	\$ 458,859	\$ (64,843)
Expenditures					
Instruction					
Tuition	\$ 350,000	\$ -	\$ 350,000	\$ 350,000	\$ -
General supplies	106,021	(1)	106,020	56,599	49,421
Other objects	3,146	-	3,146	-	3,146
Total	459,167	(1)	459,166	406,599	52,567
Support services					
Purchased professional and technical services	22,000	-	22,000	22,000	-
Other purchased services	35,055	1	35,056	22,970	12,086
Supplies	7,360	-	7,360	7,290	70
Other objects	120	-	120	-	120
Total	64,535	1	64,536	52,260	12,276
Total expenditures	\$ 523,702	\$ -	\$ 523,702	\$ 458,859	\$ 64,843

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2020

Explanation of Differences Between Budgetary Inflows and
Outflows and GAAP Revenues and Expenditures

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 36,912,133	\$ 458,859
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances prior year	-	1,150
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expenses (GASB 33):		
State aid receivable prior year	149,375	-
State aid receivable current year	(160,341)	-
Total revenues (GAAP basis)	<u>\$ 36,901,167</u>	<u>\$ 460,009</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 36,075,127	\$ 458,859
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances prior year	-	1,150
Total expenditures (GAAP basis)	<u>\$ 36,075,127</u>	<u>\$ 460,009</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	N/A	0.0480030215%	0.0443078500%	0.0449689181%	0.0456683389%	0.0480161369%	0.0457782148%	0.0445193222%	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 8,649,416	\$ 8,723,996	\$ 10,468,045	\$ 13,525,652	\$ 10,778,661	\$ 8,570,934	\$ 8,508,527	N/A	N/A
District's covered employee payroll	3,685,998	3,599,229	3,242,311	3,055,998	3,113,569	3,084,486	3,191,173	3,026,223	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	240.31%	269.07%	342.54%	434.41%	349.45%	268.58%	281.16%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A

N/A - Information is not available

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of District's Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 466,928	\$ 440,720	\$ 416,589	\$ 405,711	\$ 412,810	\$ 377,389	\$ 335,444	\$ 343,867	\$ 459,728	\$ 430,105
Contributions in relation to the contractually required contribution	(466,928)	(440,720)	(416,589)	(405,711)	(412,810)	(377,389)	(335,444)	(343,867)	(459,728)	(430,105)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 3,685,998	\$ 3,599,229	\$ 3,242,311	\$ 3,055,998	\$ 3,113,569	\$ 3,084,486	\$ 3,191,173	\$ 3,026,223	\$ 2,901,557	\$ 3,030,474
Contributions as a percentage of covered employee payroll	12.67%	12.24%	12.85%	13.28%	13.26%	12.24%	10.51%	11.36%	15.84%	14.19%

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	81,042,180	85,284,537	90,187,865	109,635,356	89,215,568	73,924,434	73,638,734	N/A	N/A
Total	\$ -	\$ 81,042,180	\$ 85,284,537	\$ 90,187,865	\$ 109,635,356	\$ 89,215,568	\$ 73,924,434	\$ 73,638,734	\$ -	\$ -
District's covered employee payroll	\$ 14,781,847	\$ 15,179,915	\$ 13,327,916	\$ 13,980,596	\$ 13,800,976	\$ 13,835,859	\$ 13,993,415	\$ 13,904,799	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	NA	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	N/A	N/A

N/A - Information is not available

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of District's Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 2,655,114	\$ 2,651,528	\$ 2,022,103	\$ 1,504,571	\$ 1,115,830	\$ 763,132	\$ 585,126	\$ 941,487	\$ 451,476	\$ 44,175
Contributions in relation to the contractually required contribution	<u>(2,655,114)</u>	<u>(2,651,528)</u>	<u>(2,022,103)</u>	<u>(1,504,571)</u>	<u>(1,115,830)</u>	<u>(763,132)</u>	<u>(585,126)</u>	<u>(941,487)</u>	<u>(451,476)</u>	<u>(44,175)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 14,781,847	\$ 15,179,915	\$ 13,327,916	\$ 13,980,596	\$ 13,800,976	\$ 13,835,859	\$ 13,993,415	\$ 13,904,799	\$ 13,563,963	\$ 14,039,057
Contributions as a percentage of covered employee payroll	17.96%	17.47%	15.17%	10.76%	8.09%	5.52%	4.18%	6.77%	3.33%	0.31%

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefits Liability
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011		
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A		
District's proportionate share of the other postemployment employee benefits liability (asset) - value	N/A	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A		
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	55,818,313	59,173,393	70,176,341	N/A	N/A	N/A	N/A	N/A	N/A		
Total	\$ -	\$ 55,818,313	\$ 59,173,393	\$ 70,176,341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
District's covered employee payroll	N/A	\$ 18,779,144	\$ 16,570,227	\$ 17,036,594	N/A	N/A	N/A	N/A	}-	N/A	}-	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A		
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A		

N/A - Information is not available

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2020

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 4.86% in State fiscal year 2018 and 5.60% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal years 2018 and 2.75% in State fiscal year 2019.
- Note 3 - Changes in assumptions - PERS
The discount rate was 5.66% in State fiscal year 2018 and 6.28% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal year 2018 and 2.75% for State fiscal year 2019.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 3.87% in State fiscal year 2018 to 3.50% in State fiscal year 2019. The inflation rate was 2.50% for State fiscal year 2018 and 2019.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

SPECIAL REVENUE FUND

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

READINGTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	ESSA Title IA	ESSA Title IIA	ESSA Title III	ESSA Title IV	IDEA Basic	IDEA Preschool	Local Grants	Total
Revenues								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,403	\$ 9,403
Federal sources	40,355	19,085	13,229	10,000	353,314	13,473	-	449,456
Total revenues	<u>\$ 40,355</u>	<u>\$ 19,085</u>	<u>\$ 13,229</u>	<u>\$ 10,000</u>	<u>\$ 353,314</u>	<u>\$ 13,473</u>	<u>\$ 9,403</u>	<u>\$ 458,859</u>
Expenditures								
Instruction								
Tuition	\$ -	\$ -	\$ -	\$ -	\$ 350,000	\$ -	\$ -	\$ 350,000
General supplies	22,897	-	12,725	9,300	889	1,385	9,403	56,599
Total	<u>22,897</u>	<u>-</u>	<u>12,725</u>	<u>9,300</u>	<u>350,889</u>	<u>1,385</u>	<u>9,403</u>	<u>406,599</u>
Support services								
Purchased professional and technical services	-	11,000	-	-	-	11,000	-	22,000
Other purchased services	17,458	1,495	504	-	2,425	1,088	-	22,970
Supplies	-	6,590	-	700	-	-	-	7,290
Total	<u>17,458</u>	<u>19,085</u>	<u>504</u>	<u>700</u>	<u>2,425</u>	<u>12,088</u>	<u>-</u>	<u>52,260</u>
Total expenditures	<u>\$ 40,355</u>	<u>\$ 19,085</u>	<u>\$ 13,229</u>	<u>\$ 10,000</u>	<u>\$ 353,314</u>	<u>\$ 13,473</u>	<u>\$ 9,403</u>	<u>\$ 458,859</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2020

Description	Approval Date	Revised Budgetary Appropriations	GAAP		Unexpended Appropriations 06/30/20
			Prior Years	Expenditures to Date Current Year	
Security surveillance upgrades at all four schools	06/03/14	\$ 404,662	\$ 256,250	\$ -	\$ 148,412
Roof replacement at Three Bridges and Whitehouse Elementary Schools	06/03/14	987,176	987,176	95,073	(95,073)
Paving reconstruction at Holland Brook Elementary School	03/22/16	990,000	920,476	69,524	-
Paving & stair reconstruction at Readington Middle School	06/14/16	670,000	622,745	47,255	-
Stair reconstruction at Three Bridges Elementary School	06/14/16	120,000	102,646	17,354	-
		<u>\$ 3,171,838</u>	<u>\$ 2,889,293</u>	<u>\$ 229,206</u>	<u>\$ 53,339</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

Expenditures and other financing uses	
Transfer to capital reserve fund	\$ 95,073
Transfer to debt service fund	134,133
Total expenditures and other financing uses	229,206
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(229,206)
Fund balance - beginning	\$ 377,618
Fund balance - ending	\$ 148,412
<u>Reconciliation of Fund Balance Difference for GAAP Purposes</u>	
Fund balance - budgetary basis (schedule F-2)	\$ 148,412
Receivables from other governments - state	
GAAP basis (schedule B-1)	78,944
Budgetary basis (schedule K-4)	(124,000)
Fund balance - GAAP basis (schedule B-1)	\$ 103,356

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status -
Budgetary Basis
Security Surveillance Upgrades
at All Four Schools
For the Fiscal Year Ended June 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - transfer from capital reserve fund	\$ 280,662	\$ -	\$ 280,662	\$ 280,662
State sources - SDA grant	124,000	-	124,000	124,000
Total revenues	<u>404,662</u>	<u>-</u>	<u>404,662</u>	<u>404,662</u>
Expenditures and other financing uses				
Legal services	-	-	-	24,974
Purchased professional and technical services	25,194	-	25,194	25,194
Construction services	231,056	-	231,056	354,494
Total expenditures	<u>256,250</u>	<u>-</u>	<u>256,250</u>	<u>404,662</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 148,412</u>	<u>\$ -</u>	<u>\$ 148,412</u>	<u>\$ -</u>

Additional Project Information

Project number	4350-030-14-1005
Project number	4350-050-14-1006
Project number	4350-060-14-1007
Project number	4350-070-14-1008
Grant date	06/03/14
Bonds authorization date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 310,000
Increase in authorized cost	94,662
Revised authorized cost	404,662
Percentage completion	63%

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status -
Budgetary Basis
Roof Replacement at Three Bridges and Whitehouse
Elementary Schools
For the Fiscal Year Ended June 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - transfer from capital reserve fund	\$ 687,000	\$ -	\$ 687,000	\$ 591,927
State sources - SDA grant	395,249	-	395,249	395,249
Total revenues	<u>1,082,249</u>	<u>-</u>	<u>1,082,249</u>	<u>987,176</u>
Expenditures and other financing uses				
Legal services	1,326	-	1,326	14,530
Purchased professional and technical services	76,736	-	76,736	89,870
Construction services	909,114	-	909,114	882,776
Transfer to capital reserve fund	-	95,073	95,073	-
Total expenditures	<u>987,176</u>	<u>95,073</u>	<u>1,082,249</u>	<u>987,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 95,073</u>	<u>;- \$ (95,073);-</u>	<u>\$ -</u>	<u>;- \$ -</u>

Additional Project Information

Project number	4350-060-13-3003
Project number	4350-070-13-3004
Grant date	06/03/14
Bonds authorization date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 1,145,000
Reduction in authorized cost	(157,824)
Revised authorized cost	987,176
Percentage completion	100%

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status -
Budgetary Basis
Paving Reconstruction at Holland Brook Elementary School
For the Fiscal Year Ended June 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - proceeds from bond issue	\$ 990,000	\$ -	\$ 990,000	\$ 990,000
Total revenues	<u>990,000</u>	<u>-</u>	<u>990,000</u>	<u>990,000</u>
Expenditures and other financing uses				
Other costs	28,756	-	28,756	28,756
Purchased professional and technical services	71,046	-	71,046	86,145
Land improvements	820,674	-	820,674	805,575
Transfer to debt service fund	-	69,524	69,524	69,524
Total expenditures	<u>920,476</u>	<u>69,524</u>	<u>990,000</u>	<u>990,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 69,524</u>	<u>\$ (69,524);-</u>	<u>\$ - ;-</u>	<u>\$ -</u>

Additional Project Information

Project number	4350-030-16-1000
Grant date	N/A
Bonds authorization date	03/22/16
Bonds authorized	\$ 990,000
Bonds issued	990,000
Original authorized cost	990,000
Reduction in authorized cost	-
Revised authorized cost	990,000
Percentage completion	100%

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status -
Budgetary Basis
Paving & Stair Reconstruction at Readington Middle School
For the Fiscal Year Ended June 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - proceeds from bond issue	\$ 670,000	\$ -	\$ 670,000	\$ 670,000
Total revenues	<u>670,000</u>	<u>-</u>	<u>670,000</u>	<u>670,000</u>
Expenditures and other financing uses				
Other costs	19,242	-	19,242	19,242
Purchased professional and technical services	46,012	-	46,012	55,000
Land improvements	557,491	-	557,491	548,503
Transfer to debt service fund	-	47,255	47,255	47,255
Total expenditures	<u>622,745</u>	<u>47,255</u>	<u>670,000</u>	<u>670,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 47,255</u>	<u>\$ (47,255)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	4350-050-16-1000
Grant date	N/A
Bonds authorization date	06/14/16
Bonds authorized	\$ 670,000
Bonds issued	670,000
Original authorized cost	670,000
Reduction in authorized cost	-
Revised authorized cost	670,000
Percentage completion	100%

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status -
Budgetary Basis
Stair Reconstruction at Three Bridges Elementary School
For the Fiscal Year Ended June 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - proceeds from bond issue	\$ 120,000	\$ -	\$ 120,000	\$ 120,000
Total revenues	<u>120,000</u>	<u>-</u>	<u>120,000</u>	<u>120,000</u>
Expenditures and other financing uses				
Other costs	2,821	-	2,821	5,000
Purchased professional and technical services	12,805	-	12,805	20,000
Land improvements	87,020	-	87,020	77,646
Transfer to debt service fund	-	17,354	17,354	17,354
Total expenditures	<u>102,646</u>	<u>17,354</u>	<u>120,000</u>	<u>120,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 17,354</u>	<u>\$ (17,354)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	4350-060-16-1000
Grant date	
Bonds authorization date	06/14/16
Bonds authorized	\$ 120,000
Bonds issued	120,000
Original authorized cost	120,000
Reduction in authorized cost	-
Revised authorized cost	120,000
Percentage completion	100%

See independent auditors' report.

PROPRIETARY FUND

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.

See Statements B-4, B-5, and B-6.

FIDUCIARY FUNDS

Fiduciary funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

READINGTON TOWNSHIP SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Net Position
June 30, 2020

	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 6,065	\$ 68,671	\$ 332,440	\$ 407,176
Total assets	<u>\$ 6,065</u>	<u>\$ 68,671</u>	<u>\$ 332,440</u>	<u>\$ 407,176</u>
Liabilities				
Due to general fund	\$ -	\$ 323	\$ 3,540	\$ 3,863
Due to students groups	-	68,348	-	68,348
Payroll deductions and withholdings	-	-	328,900	328,900
Total liabilities	<u>-</u>	<u>68,671</u>	<u>332,440</u>	<u>401,111</u>
Net position				
Reserve for scholarship funds	<u>\$ 6,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,065</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Fiduciary Fund
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	Private Purpose Scholarship Fund
Additions	
Scholarship contributions	\$ 700
Deductions	
Scholarships awarded	200
Change in net position	500
Net position - beginning of the year	5,565
Net position - end of the year	\$ 6,065

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Fiduciary Fund
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20
Assets				
Cash and cash equivalents	\$ 63,748	\$ 107,428	\$ 102,505	\$ 68,671
Total assets	\$ 63,748	\$ 107,428	\$ 102,505	\$ 68,671
Liabilities				
Due to general fund	\$ -	\$ 323	\$ -	\$ 323
Due to student groups				
Holland Brook School	15,760	38,179	33,883	20,056
Readington Middle School	36,743	50,526	53,534	33,735
Three Bridges School	5,543	6,290	4,545	7,288
Whitehouse School	5,702	12,110	10,543	7,269
Total liabilities	\$ 63,748	\$ 107,428	\$ 102,505	\$ 68,671

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Fiduciary Fund
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20
Assets				
Cash and cash equivalents	\$ 285,437	\$ 22,040,231	\$ 21,993,228	\$ 332,440
Total assets	\$ 285,437	\$ 22,040,231	\$ 21,993,228	\$ 332,440
Liabilities				
Due to other funds	\$ -	\$ 3,540	\$ -	\$ 3,540
Payroll deductions and withholdings	285,437	9,840,293	9,796,830	328,900
Net payroll	-	12,196,398	12,196,398	-
Total liabilities	\$ 285,437	\$ 22,040,231	\$ 21,993,228	\$ 332,440

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

READINGTON TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/19	Issued	Retired	Balance 06/30/20
			Date	Amount					
Refunding school bonds of 2010	11/24/10	\$ 5,415,000			3.50%	\$ 235,000	\$ -	\$ 235,000	\$ -
Refunding school bonds of 2013	10/09/13	7,905,000	01/01/21	\$ 605,000	4.00%	5,220,000	-	580,000	4,640,000
			01/01/22	625,000	3.00%	-	-	-	-
			01/01/23	640,000	3.00%	-	-	-	-
			01/01/24	660,000	3.00%	-	-	-	-
			01/01/25	685,000	3.13%	-	-	-	-
			01/01/26	700,000	3.25%	-	-	-	-
			01/01/27	725,000	3.38%	-	-	-	-
Refunding school bonds of 2017	05/23/17	8,495,000	07/15/20	960,000	4.00%	8,360,000	-	655,000	7,705,000
			07/15/21	995,000	4.00%	-	-	-	-
			07/15/22	1,045,000	4.00%	-	-	-	-
			07/15/23	1,095,000	5.00%	-	-	-	-
			07/15/24	1,155,000	5.00%	-	-	-	-
			07/15/25	1,225,000	5.00%	-	-	-	-
			07/15/26	1,230,000	5.00%	-	-	-	-
						<u>\$ 13,815,000</u>	<u>\$ -</u>	<u>\$ 1,470,000</u>	<u>\$ 12,345,000</u>

See independent auditor's report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources - debt service tax levy	\$ 2,000,870	\$ -	\$ 2,000,870	\$ 2,000,870	\$ -
State sources - debt service aid	7,098	-	7,098	7,098	-
Total revenues	<u>2,007,968</u>	<u>-</u>	<u>2,007,968</u>	<u>2,007,968</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of bond principal	1,470,000	-	1,470,000	1,470,000	-
Interest on bonds	540,375	-	540,375	540,375	-
Total expenditures	<u>2,010,375</u>	<u>-</u>	<u>2,010,375</u>	<u>2,010,375</u>	<u>-</u>
Excess (deficiency) of revenues					
Over (under) expenditures	(2,407)	-	(2,407)	(2,407)	-
Other financing sources (uses)					
Transfer in from capital projects fund	-	-	-	134,133	134,133
Excess (deficiency) of revenues and other financing					
sources over (under) expenditures and other					
financing uses	(2,407)	-	(2,407)	131,726	134,133
Fund balance, July 1	2,408	-	2,408	2,408	-
Fund balance, June 30	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 134,134</u>	<u>\$ 134,133</u>
Recapitulation of excess (deficiency) of revenue					
and other financing sources over (under)					
expenditures and other financing uses					
Budgeted fund balance	<u>\$ (2,407)</u>	<u>\$ -</u>	<u>\$ (2,407)</u>	<u>\$ 131,726</u>	<u>\$ 134,133</u>

See independent auditors' report.

STATISTICAL SECTION

READINGTON TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend 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.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
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.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules are derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.

READINGTON TOWNSHIP SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Government activities										
Net investment in capital assets	\$ 19,168,645	\$ 18,823,939	\$ 18,900,825	\$ 19,567,989	\$ 21,148,418	\$ 21,870,825	\$ 23,434,089	\$ 26,063,244	\$ 27,329,544	\$ 28,443,477
Restricted	3,279,636	4,509,014	5,271,205	4,940,642	4,899,507	5,308,140	6,039,014	4,774,287	4,565,452	5,425,897
Unrestricted	725,876	1,123,822	784,125	(7,028,548)	(7,173,776)	(7,320,859)	(9,287,158)	(9,507,682)	(9,023,572)	(8,843,301)
Total governmental activities	<u>\$ 23,174,157</u>	<u>\$ 24,456,775</u>	<u>\$ 24,956,155</u>	<u>\$ 17,480,083</u>	<u>\$ 18,874,149</u>	<u>\$ 19,858,106</u>	<u>\$ 20,185,945</u>	<u>\$ 21,329,849</u>	<u>\$ 22,871,424</u>	<u>\$ 25,026,073</u>
Business-type activities										
Net investment in capital assets	\$ 30,263	\$ 43,297	\$ 45,550	\$ 39,990	\$ 34,979	\$ 29,968	\$ 29,229	\$ 24,325	\$ 57,736	\$ 49,423
Unrestricted	284,185	253,785	200,899	117,147	85,779	130,949	172,229	171,111	132,026	115,435
Total business-type activities	<u>\$ 314,448</u>	<u>\$ 297,082</u>	<u>\$ 246,449</u>	<u>\$ 157,137</u>	<u>\$ 120,758</u>	<u>\$ 160,917</u>	<u>\$ 201,458</u>	<u>\$ 195,436</u>	<u>\$ 189,762</u>	<u>\$ 164,858</u>
District-wide										
Net investment in capital assets	\$ 19,198,908	\$ 18,867,236	\$ 18,946,375	\$ 19,607,979	\$ 21,183,397	\$ 21,900,793	\$ 23,463,318	\$ 26,087,569	\$ 27,387,280	\$ 28,492,900
Restricted	3,279,636	4,509,014	5,271,205	4,940,642	4,899,507	5,308,140	6,039,014	4,774,287	4,565,452	5,425,897
Unrestricted	1,010,061	1,377,607	985,024	(6,911,401)	(7,087,997)	(7,189,910)	(9,114,929)	(9,336,571)	(8,891,546)	(8,727,866)
Total district-wide	<u>\$ 23,488,605</u>	<u>\$ 24,753,857</u>	<u>\$ 25,202,604</u>	<u>\$ 17,637,220</u>	<u>\$ 18,994,907</u>	<u>\$ 20,019,023</u>	<u>\$ 20,387,403</u>	<u>\$ 21,525,285</u>	<u>\$ 23,061,186</u>	<u>\$ 25,190,931</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 12,978,633	\$ 12,797,258	\$ 13,434,484	\$ 12,639,720	\$ 14,792,796	\$ 15,532,061	\$ 17,497,506	\$ 19,047,867	\$ 18,323,278	\$ 17,301,617
Special education	4,256,991	4,357,246	4,600,346	4,492,434	5,374,421	5,797,724	6,409,476	7,140,540	6,711,755	6,569,476
Other special education	1,218,113	1,233,805	1,160,214	1,178,118	1,354,506	1,410,624	1,733,351	1,680,881	1,672,180	1,459,568
Other instruction	307,976	367,467	369,819	384,880	381,331	425,542	445,971	484,552	439,310	509,542
Support services										
Tuition	724,867	495,464	614,482	708,273	787,923	583,148	602,237	975,604	1,075,150	935,044
Student and instruction related services	4,595,912	4,841,487	5,015,386	5,129,190	6,189,717	6,695,902	7,304,973	7,651,285	7,544,200	7,838,400
General and business administrative services	1,714,006	1,786,567	1,351,217	1,647,645	1,621,382	1,792,644	1,983,103	1,640,582	1,733,752	1,756,304
School administration	1,635,008	1,654,804	1,725,208	1,690,141	1,964,952	2,101,185	2,354,438	2,654,318	2,431,356	2,350,013
Plant operations and maintenance	2,492,943	2,360,481	2,450,613	2,556,242	2,413,523	2,505,463	2,623,557	2,810,879	2,794,372	2,879,796
Pupil transportation	2,124,628	1,947,401	2,035,908	2,054,985	1,714,418	1,571,941	1,851,479	2,042,716	1,906,964	1,743,300
Interest on long-term debt	1,062,815	1,047,243	1,014,502	809,984	842,475	802,887	649,110	657,835	421,416	421,510
Total governmental activities expenses	<u>33,111,892</u>	<u>32,889,223</u>	<u>33,772,179</u>	<u>33,291,612</u>	<u>37,437,444</u>	<u>39,219,121</u>	<u>43,455,201</u>	<u>46,787,059</u>	<u>45,053,733</u>	<u>43,764,570</u>
Business-type activities										
Food service	649,107	657,727	613,691	583,311	567,851	488,618	475,181	535,128	549,895	420,413
Summer program	21,617	27,067	29,760	23,962	20,901	17,509	15,676	10,677	13,153	9,393
Total business-type activities	<u>670,724</u>	<u>684,794</u>	<u>643,451</u>	<u>607,273</u>	<u>588,752</u>	<u>506,127</u>	<u>490,857</u>	<u>545,805</u>	<u>563,048</u>	<u>429,806</u>
Total district expenses	<u>\$ 33,782,616</u>	<u>\$ 33,574,017</u>	<u>\$ 34,415,630</u>	<u>\$ 33,898,885</u>	<u>\$ 38,026,196</u>	<u>\$ 39,725,248</u>	<u>\$ 43,946,058</u>	<u>\$ 47,332,864</u>	<u>\$ 45,616,781</u>	<u>\$ 44,194,376</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 21,257	\$ 30,187	\$ 22,832	\$ 54,359	\$ 76,222	\$ 51,592	\$ 54,865	\$ 49,299	\$ 108,943	\$ 106,760
Special education instruction	-	22,418	50,263	99,573	43,193	16,841	15,109	-	-	-
Student & instruction related services	50,040	50,000	30,000	116,750	117,918	120,276	121,044	150,154	150,844	185,757
General & business administrative services	-	-	-	-	-	-	-	-	-	-
Plant operations and maintenance	52,756	48,598	63,965	76,285	54,191	52,186	53,176	49,091	47,833	60,062
Pupil transportation	5,985	21,028	25,160	4,285	31,794	11,881	78,654	23,869	65,164	18,277
Operating grants and contributions	681,329	500,139	535,302	507,168	564,735	440,978	537,585	532,138	570,690	460,009
Capital grants and contributions	265,594	43,716	-	32,530	477,251	64,689	10,147	-	-	-
Total governmental activities program revenues	<u>1,076,961</u>	<u>716,086</u>	<u>727,522</u>	<u>890,950</u>	<u>1,365,304</u>	<u>758,443</u>	<u>870,580</u>	<u>804,551</u>	<u>943,474</u>	<u>830,865</u>
Business-type activities										
Charges for services										
Food service	563,547	527,490	461,034	397,259	418,003	411,684	401,220	408,719	425,936	285,918
Summer programs	21,220	23,935	27,618	21,225	20,350	22,483	14,235	8,007	13,843	8,180
Operating grants and contributions	109,288	113,827	103,253	98,764	113,326	111,606	114,565	117,972	115,944	109,131
Total business-type activities program revenues	<u>694,055</u>	<u>665,252</u>	<u>591,905</u>	<u>517,248</u>	<u>551,679</u>	<u>545,773</u>	<u>530,020</u>	<u>534,698</u>	<u>555,723</u>	<u>403,229</u>
Total district-program revenues	<u>\$ 1,771,016</u>	<u>\$ 1,381,338</u>	<u>\$ 1,319,427</u>	<u>\$ 1,408,198</u>	<u>\$ 1,916,983</u>	<u>\$ 1,304,216</u>	<u>\$ 1,400,600</u>	<u>\$ 1,339,249</u>	<u>\$ 1,499,197</u>	<u>\$ 1,234,094</u>
Net (expense) revenues										
Governmental activities	\$ (32,034,931)	\$ (32,173,137)	\$ (33,044,657)	\$ (32,400,662)	\$ (36,072,140)	\$ (38,460,678)	\$ (42,584,621)	\$ (45,982,508)	\$ (44,110,259)	\$ (42,933,705)
Business-type activities	23,331	(19,542)	(51,546)	(90,025)	(37,073)	39,646	39,163	(11,107)	(7,325)	(26,577)
Total district-wide net expenses	<u>\$ (32,011,600)</u>	<u>\$ (32,192,679)</u>	<u>\$ (33,096,203)</u>	<u>\$ (32,490,687)</u>	<u>\$ (36,109,213)</u>	<u>\$ (38,421,032)</u>	<u>\$ (42,545,458)</u>	<u>\$ (45,993,615)</u>	<u>\$ (44,117,584)</u>	<u>\$ (42,960,282)</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 27,703,081	\$ 27,426,050	\$ 26,586,701	\$ 26,582,012	\$ 26,582,012	\$ 26,643,599	\$ 26,906,853	\$ 27,444,990	\$ 28,788,825	\$ 29,566,452
Taxes levied for debt service	1,889,894	2,183,349	2,194,238	2,182,408	2,098,623	2,037,036	2,109,696	2,112,227	2,072,481	2,000,870
Unrestricted grants and contributions	2,995,051	3,660,562	4,560,512	4,157,942	8,644,779	10,549,409	13,619,700	17,432,113	14,636,797	13,399,683
Investment earnings	25,829	51,050	30,540	31,822	30,984	33,091	48,130	108,024	124,033	86,954
Miscellaneous income	89,905	117,490	144,537	136,924	109,808	155,465	219,980	29,058	61,699	34,395
Special item - proceeds from insurance claim	-	-	25,448	-	-	-	-	-	-	-
Special item - payment to refunding bond agent	(444,609)	-	-	-	-	-	-	-	-	-
Special item - gain (loss) on disposition of assets	-	17,254	2,061	6,565	-	26,035	8,101	-	(32,001)	-
Total governmental activities	<u>32,259,151</u>	<u>33,455,755</u>	<u>33,544,037</u>	<u>33,097,673</u>	<u>37,466,206</u>	<u>39,444,635</u>	<u>42,912,460</u>	<u>47,126,412</u>	<u>45,651,834</u>	<u>45,088,354</u>
Business-type activities										
Investment earnings	1,045	2,176	913	707	527	513	451	2,448	2,800	1,647
Miscellaneous income	79			6	167	-	927	2,637	68	26
Special item - gain (loss) on disposition of assets	-	-	-	-	-	-	-	-	(1,217)	-
Total business-type activities	<u>1,124</u>	<u>2,176</u>	<u>913</u>	<u>713</u>	<u>694</u>	<u>513</u>	<u>1,378</u>	<u>5,085</u>	<u>1,651</u>	<u>1,673</u>
Total district-wide	<u>\$ 32,260,275</u>	<u>\$ 33,457,931</u>	<u>\$ 33,544,950</u>	<u>\$ 33,098,386</u>	<u>\$ 37,466,900</u>	<u>\$ 39,445,148</u>	<u>\$ 42,913,838</u>	<u>\$ 47,131,497</u>	<u>\$ 45,653,485</u>	<u>\$ 45,090,027</u>
Change in net position										
Governmental activities	\$ 224,220	\$ 1,282,618	\$ 499,380	\$ 697,011	\$ 1,394,066	\$ 983,957	\$ 327,839	\$ 1,143,904	\$ 1,541,575	\$ 2,154,649
Business-type activities	24,455	(17,366)	(50,633)	(89,312)	(36,379)	40,159	40,541	(6,022)	(5,674)	(24,904)
Total district	<u>\$ 248,675</u>	<u>\$ 1,265,252</u>	<u>\$ 448,747</u>	<u>\$ 607,699</u>	<u>\$ 1,357,687</u>	<u>\$ 1,024,116</u>	<u>\$ 368,380</u>	<u>\$ 1,137,882</u>	<u>\$ 1,535,901</u>	<u>\$ 2,129,745</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Restricted	\$ 2,996,728	\$ 4,934,839	\$ 5,786,207	\$ 4,404,201	\$ 5,225,677	\$ 6,338,677	\$ 7,566,975	\$ 6,202,767	\$ 5,963,700	\$ 6,862,300
Committed	267,295	638,927	372,039	499,975	182,693	250,268	60,613	137,866	346,016	320,712
Assigned	-	314,774	36,715	56,696	-	-	-	19,169	43,876	112,871
Unassigned	647,356	445,833	446,835	582,415	606,312	605,781	536,855	572,145	643,595	622,417
Total general fund	<u>\$ 3,911,379</u>	<u>\$ 6,334,373</u>	<u>\$ 6,641,796</u>	<u>\$ 5,543,287</u>	<u>\$ 6,014,682</u>	<u>\$ 7,194,726</u>	<u>\$ 8,164,443</u>	<u>\$ 6,931,947</u>	<u>\$ 6,997,187</u>	<u>\$ 7,918,300</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 1,585,938	\$ 901,465	\$ 867,665	\$ 1,920,494	\$ 1,204,618	\$ 1,591,939	\$ 340,922	\$ 332,562	\$ 332,562	\$ 103,356
Assigned, reported in										
Debt service fund	2,508	15,296	13,264	75,779	75,758	-	10,868	13,276	2,408	134,134
Total all other governmental funds	<u>\$ 1,588,446</u>	<u>\$ 916,761</u>	<u>\$ 880,929</u>	<u>\$ 1,996,273</u>	<u>\$ 1,280,376</u>	<u>\$ 1,591,939</u>	<u>\$ 351,790</u>	<u>\$ 345,838</u>	<u>\$ 334,970</u>	<u>\$ 237,490</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 29,592,975	\$ 29,609,399	\$ 28,780,939	\$ 28,764,420	\$ 28,680,635	\$ 28,680,635	\$ 29,016,549	\$ 29,557,217	\$ 30,861,306	\$ 31,567,322
Tuition charges	21,104	52,605	70,290	153,932	119,415	68,433	69,974	49,299	108,943	106,760
Transportation fees	2,340	3,240	3,976	2,740	30,651	5,300	4,410	6,225	7,960	5,200
Interest earnings	25,829	51,050	30,540	31,822	30,984	33,091	48,130	108,024	124,033	86,954
Local contributions	-	-	-	-	-	-	-	-	111,400	10,553
Miscellaneous	107,123	105,781	143,231	128,390	127,875	135,272	195,787	87,480	108,198	65,110
State sources	2,996,620	3,596,796	4,562,436	4,157,942	4,666,750	5,101,995	5,382,089	6,625,720	6,890,554	7,062,741
State sources - capital projects	265,594	43,716	-	32,530	477,251	64,689	10,147	-	-	-
Federal sources	666,366	550,742	519,018	506,572	515,143	430,168	516,647	546,780	484,565	464,504
Total revenues	33,677,951	34,013,329	34,110,430	33,778,348	34,648,704	34,519,583	35,243,733	36,980,745	38,696,959	39,369,144
Expenditures										
Instruction										
Regular instruction	9,197,202	8,923,049	9,248,836	8,865,777	8,561,728	8,409,875	8,667,280	8,718,908	9,045,229	8,888,124
Special education instr.	2,837,376	2,935,415	3,077,130	3,060,710	3,149,810	3,184,856	3,197,239	3,333,486	3,382,801	3,526,311
Other special instruction	836,210	834,278	757,010	771,403	728,214	731,952	824,762	731,185	782,227	720,714
Other instruction	219,503	257,875	262,570	275,295	265,499	279,355	272,258	279,909	276,648	268,225
Support services										
Tuition	342,118	186,502	205,805	347,447	435,836	275,801	264,619	578,543	714,126	585,044
Student & instructional related services	3,253,594	3,390,964	3,451,729	3,566,545	3,682,757	3,736,526	3,624,785	3,665,310	3,962,214	4,065,150
General administration	681,554	610,822	537,283	587,730	538,087	584,315	561,157	529,140	566,130	586,645
School admin. services	1,142,257	1,173,417	1,217,813	1,169,356	1,179,916	1,214,701	1,229,833	1,239,415	1,276,311	1,308,662
Central services	447,153	454,006	418,120	432,803	439,609	433,996	519,533	419,667	433,917	449,157
Administrative										
information technology	141,994	63,445	30,307	72,272	70,358	74,915	79,946	79,464	83,109	86,511
Plant operations and maintenance										
Plant operations and maintenance	2,208,103	2,071,894	2,178,294	2,300,029	2,133,662	2,171,537	2,224,999	2,368,661	2,416,326	2,497,818
Pupil transportation	1,901,384	1,716,881	1,818,183	1,867,199	1,252,666	1,094,538	1,249,673	1,444,239	1,408,947	1,277,936
Employee benefits	4,601,797	4,474,216	4,452,886	4,429,031	5,055,633	4,923,510	4,986,488	5,164,964	5,384,450	5,488,861
On-behalf TPAF Pension & Social Security contrib.	2,053,485	2,394,144	3,081,345	2,571,355	2,975,277	3,477,161	3,770,332	4,290,449	4,957,016	5,040,596
Capital outlay	80,839	18,521	288,060	661,251	493,343	522,825	551,660	852,571	1,224,172	1,217,562

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenditures (cont'd)										
Special revenue funds	\$ 681,329	\$ 500,139	\$ 535,302	\$ 507,168	\$ 564,735	\$ 440,978	\$ 537,585	\$ 532,138	\$ 570,690	\$ 460,009
Capital projects	1,211,976	37,037	33,800	176,406	1,193,127	319,761	1,658,181	8,360	-	-
Debt service										
Principal	1,163,763	1,164,737	1,230,786	1,331,887	1,315,000	1,370,000	1,410,000	3,375,000	1,495,000	1,470,000
Interest & other charges	1,107,132	1,071,932	1,041,089	873,119	857,949	817,774	785,904	607,784	663,274	608,186
Total expenditures	<u>34,108,769</u>	<u>32,279,274</u>	<u>33,866,348</u>	<u>33,866,783</u>	<u>34,893,206</u>	<u>34,064,376</u>	<u>36,416,234</u>	<u>38,219,193</u>	<u>38,642,587</u>	<u>38,545,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(430,818)</u>	<u>1,734,055</u>	<u>244,082</u>	<u>(88,435)</u>	<u>(244,502)</u>	<u>455,207</u>	<u>(1,172,501)</u>	<u>(1,238,448)</u>	<u>54,372</u>	<u>823,633</u>
Other financing sources (uses)										
Proceeds from bond issue & refunding bond issue	5,415,000	-	-	7,905,000	-	990,000	9,285,000	-	-	-
Premium on bond issue	458,457	-	-	279,024	-	-	1,276,745	-	-	-
Payments to refunding bond escrow agent	(5,799,609)	-	-	(8,085,319)	-	-	(9,667,777)	-	-	-
Proceeds from disposition of capital assets	-	17,254	2,061	6,565	-	46,400	8,101	-	-	-
Insurance claim proceeds for flooding damage	-	-	25,448	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>73,848</u>	<u>17,254</u>	<u>27,509</u>	<u>105,270</u>	<u>-</u>	<u>1,036,400</u>	<u>902,069</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (356,970)</u>	<u>\$ 1,751,309</u>	<u>\$ 271,591</u>	<u>\$ 16,835</u>	<u>\$ (244,502)</u>	<u>\$ 1,491,607</u>	<u>\$ (270,432)</u>	<u>\$ (1,238,448)</u>	<u>\$ 54,372</u>	<u>\$ 823,633</u>
Debt service as a percentage of non-capital expenditures	7.43%	7.46%	7.26%	7.15%	7.00%	7.05%	6.86%	11.93%	6.12%	5.90%

Source: District Records

Note: Non-capital expenditures are total expenditures less capital outlay.

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Interest income	\$ 25,708	\$ 51,050	\$ 25,829	\$ 31,822	\$ 30,984	\$ 33,091	\$ 48,129	\$ 108,024	\$ 124,033	\$ 86,954
Tuition	21,104	52,605	21,104	153,932	119,415	68,434	69,974	49,299	108,943	106,760
Transportation fees	2,340	3,240	2,340	2,740	30,651	5,300	4,410	6,225	7,960	5,200
Building use rental income	46,821	39,495	48,701	51,842	43,863	44,585	43,881	42,692	46,499	30,715
Prior year refunds	765	7,875	2,738	14,616	-	-	4,246	1,812	16,548	12,761
Sale of surplus supplies	-	-	4,873	-	247	6,052	480	25	18,104	-
Donations	-	-	26,000	-	-	-	-	-	-	-
Prior year outstanding checks canceled	3,112	35	19	57	-	-	-	-	-	-
Prior year accounts payable canceled	-	-	-	-	-	-	-	283	-	-
E-rate telephone rebates	43,026	42,498	46,520	43,878	33,948	73,240	91,870	15,266	20,714	16,823
Sale of assets	-	-	-	-	-	-	-	1,445	1,349	4,765
Miscellaneous										
Account balances canceled	-	215	-	-	-	-	20,000	-	-	1
Refunds	-	2,500	-	-	-	360	-	55	-	-
Other	5	-	-	7,857	25	224	3,465	10,172	4,984	45
Annual totals	<u>\$ 142,881</u>	<u>\$ 199,513</u>	<u>\$ 178,124</u>	<u>\$ 306,744</u>	<u>\$ 259,133</u>	<u>\$ 231,286</u>	<u>\$ 286,455</u>	<u>\$ 235,298</u>	<u>\$ 349,134</u>	<u>\$ 264,024</u>

Source: District Records

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Vacant land	\$ 27,970,300	\$ 25,304,300	\$ 35,670,602	\$ 36,540,300	\$ 35,541,000	\$ 31,194,600	\$ 26,021,500	\$ 23,944,836	\$ 20,033,957	\$ 18,043,200
Residential	2,075,417,700	2,024,958,200	1,989,936,800	2,007,826,300	2,023,142,400	2,036,191,100	2,058,524,200	2,076,043,900	2,095,940,300	2,110,606,200
Farm regular	136,828,300	137,991,300	133,364,572	128,271,821	126,445,100	123,306,100	125,242,400	121,786,200	118,750,100	119,770,700
Q farm	4,132,562	4,197,992	4,171,297	4,235,707	4,213,574	4,726,655	4,674,248	5,022,757	4,691,100	4,975,400
Commercial	436,529,600	435,330,900	432,721,600	429,259,800	366,926,100	342,902,000	342,292,300	323,400,000	319,550,000	317,972,400
Industrial	52,183,200	51,523,000	51,486,800	51,486,800	51,486,800	53,386,800	53,912,800	53,912,800	53,912,800	53,912,800
Apartment	1,193,900	1,111,400	1,368,100	1,368,100	1,368,100	1,368,100	1,367,100	1,096,400	1,096,400	3,512,200
Total assessed value	2,734,255,562	2,680,417,092	2,648,719,771	2,658,988,828	2,609,123,074	2,593,075,355	2,612,034,548	2,605,206,893	2,613,974,657	2,628,792,900
Public utilities (a)	6,296,043	4,845,327	4,355,257	4,447,256	257,705	257,705	257,705	257,705	483,414	477,438
Net valuation taxable	\$ 2,740,551,605	\$ 2,685,262,419	\$ 2,653,075,028	\$ 2,663,436,084	\$ 2,609,380,779	\$ 2,593,333,060	\$ 2,612,292,253	\$ 2,605,464,598	\$ 2,614,458,071	\$ 2,629,270,338
Estimated actual county equalized value	\$ 3,480,065,530	\$ 3,207,815,577	\$ 3,172,017,011	\$ 3,105,323,638	\$ 2,980,105,960	\$ 3,078,505,532	\$ 3,233,436,382	\$ 3,207,910,119	\$ 3,200,465,260	\$ 3,258,887,379
Percentage of net valuation to estimated actual equalized value	78.75%	83.71%	83.64%	85.77%	87.56%	84.24%	80.79%	81.22%	81.69%	80.68%
Total direct school tax rate (b)	\$ 1.08	\$ 1.09	\$ 1.09	\$ 1.08	\$ 1.10	\$ 1.11	\$ 1.12	\$ 1.16	\$ 1.19	\$ 1.22

Source: Municipal Tax Assessor

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

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies
(b) Tax rates are per \$100

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)			Municipality	County	
			Total Direct School Tax Rate					
2011	\$ 1.00	\$ 0.08	\$ 1.08	\$ 0.71	\$ 0.45	\$ 0.43	\$ 2.67	
2012	1.01	0.08	1.09	0.69	0.47	0.42	2.67	
2013	1.01	0.08	1.09	0.70	0.51	0.43	2.73	
2014	1.00	0.08	1.08	0.69	0.52	0.43	2.72	
2015	1.02	0.08	1.10	0.69	0.54	0.42	2.75	
2016	1.03	0.08	1.11	0.70	0.55	0.44	2.80	
2017	1.04	0.08	1.12	0.72	0.57	0.46	2.87	
2018	1.08	0.08	1.16	0.73	0.58	0.47	2.94	
2019	1.11	0.08	1.19	0.74	0.59	0.46	2.98	
2020	1.14	0.08	1.22	0.74	0.62	0.47	3.05	

Sources: Municipal Tax Collector

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the pre-budget 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.

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers
Current Year and Nine Years Ago

	2020			2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Unicom Science Technology Park Inc.	\$ 97,457,100	1	3.71%	\$ -	-
Federal Insurance Co	55,507,800	2	2.11%	55,912,500	2	2.04%
Lamington River Farms	12,303,200	3	0.47%	14,529,400	3	0.53%
Individual Property Owner #1	9,898,600	4	0.38%	9,845,000	4	0.36%
Transcontinental Gas Pipeline	8,274,600	5	0.31%	8,274,600	5	0.30%
Whitehouse Mall	6,587,400	6	0.25%	6,587,400	7	0.24%
Somerville Associates	5,700,000	7	0.22%	5,700,000	8	0.21%
Salem Realty II LLC	5,540,000	8	0.21%	5,540,000	9	0.20%
Bishop & Bishop Land Partnership	5,539,700	9	0.21%	5,539,700	10	0.20%
Readington Farms Inc.	5,429,400	10	0.20%	-	-	-
Merck & Co	-	-	-	215,399,200	1	7.86%
Stanton Golf Properties	-	-	-	7,492,500	6	0.27%
	<u>\$ 212,237,800</u>		<u>8.07%</u>	<u>\$ 334,820,300</u>		<u>12.21%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

Fiscal Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2011	\$ 29,592,975	\$ 29,592,975	100.00%
2012	29,609,399	29,609,399	100.00%
2013	28,780,939	28,780,939	100.00%
2014	28,764,420	28,764,420	100.00%
2015	28,680,635	28,680,635	100.00%
2016	28,680,635	28,680,635	100.00%
2017	29,016,549	29,016,549	100.00%
2018	29,557,217	29,557,217	100.00%
2019	30,861,306	30,861,306	100.00%
2020	31,567,322	31,567,322	100.00%

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

- (a) School taxes are collected by the municipal tax collector. Under New Jersey State Statute, a municipality is required to remit to the School District the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Governmental Activities				Business-Type	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Activities Capital Leases			
2011	\$ 25,722,410	\$ -	\$ -	\$ -	\$ -	\$ 25,722,410	2.22%	\$ 1,596
2012	24,557,673	-	-	-	-	24,557,673	2.03%	1,530
2013	23,326,887	-	-	-	-	23,326,887	1.95%	1,461
2014	21,990,000	-	-	-	-	21,990,000	1.75%	1,378
2015	20,675,000	-	-	-	-	20,675,000	1.60%	1,299
2016	20,295,000	-	-	-	-	20,295,000	1.52%	1,275
2017	18,685,000	-	-	-	-	18,685,000	1.38%	1,176
2018	15,310,000	-	-	-	-	15,310,000	1.07%	962
2019	13,815,000	-	-	-	-	13,815,000	0.97%	870
2020	12,345,000	-	-	-	-	12,345,000	N/A	779

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

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

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 25,722,410	\$ -	\$ 25,722,410	0.94%	\$ 1,596
2012	24,557,673	-	24,557,673	0.91%	1,530
2013	23,326,887	-	23,326,887	0.88%	1,461
2014	21,990,000	-	21,990,000	0.83%	1,378
2015	20,675,000	-	20,675,000	0.79%	1,299
2016	20,295,000	-	20,295,000	0.78%	1,275
2017	18,685,000	-	18,685,000	0.72%	1,176
2018	15,310,000	-	15,310,000	0.59%	962
2019	13,815,000	-	13,815,000	0.53%	870
2020	12,345,000	-	12,345,000	0.47%	779

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

(a) See Exhibit J-6 for property tax data.

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

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 60,234,484	100.00%	\$ 60,234,484
Regional High School	4,145,000	33.93%	1,406,215
County general obligation debt	85,870,478	14.86%	<u>12,761,605</u>
Subtotal, overlapping debt			74,402,305
School district direct debt			<u>12,925,000</u>
Total direct and overlapping debt			<u><u>\$ 87,327,305</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation. Debt outstanding data provided by each Governmental Unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the municipality. 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.

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized Valuation Basis
	2019 \$ 3,239,931,404
	2018 3,189,138,074
	2017 3,216,000,428
	\$ 9,645,069,906
Average equalized valuation of taxable property	\$ 3,215,023,302
Debt limit (3.0% of average equalization value)	\$ 96,450,699
Total net debt applicable to limit	12,345,000
Legal debt margin	\$ 84,105,699

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt limit	\$ 92,221,774	\$ 93,436,605	\$ 95,228,990	\$ 96,147,874	\$ 96,450,699
Total net debt applicable	20,295,000	18,685,000	15,310,000	13,815,000	12,345,000
Legal debt margin	\$ 71,926,774	\$ 74,751,605	\$ 79,918,990	\$ 82,332,874	\$ 84,105,699
Total net debt applicable to the limit as a percentage of debt limit	22.01%	20.00%	16.08%	14.37%	12.80%

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt limit	\$ 111,275,512	\$ 105,035,670	\$ 100,736,283	\$ 95,592,158	\$ 93,296,350
Total net debt applicable	26,400,538	24,557,673	23,326,887	21,990,000	20,675,000
Legal debt margin	\$ 84,874,974	\$ 80,477,997	\$ 77,409,396	\$ 73,602,158	\$ 72,621,350
Total net debt applicable to the limit as a percentage of debt limit	23.73%	23.38%	23.16%	23.00%	22.16%

Source: Equalized valuation bases were obtained from the annual report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit Set by N.J.S.A. 18A:24-19

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2011	16,115	\$ 1,159,393,675	\$ 71,945	6.1%
2012	16,053	1,207,795,614	75,238	6.3%
2013	15,966	1,198,519,722	75,067	6.3%
2014	15,960	1,255,285,920	78,652	4.7%
2015	15,913	1,289,860,041	81,057	3.9%
2016	15,914	1,331,126,530	83,645	3.7%
2017	15,886	1,349,642,788	84,958	3.7%
2018	15,923	1,426,860,030	89,610	3.2%
2019	15,872	N/A	N/A	2.7%
2020	15,843	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

2020

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2011

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	129.7	129.3	127.9	126.4	117.7	109.0	122.5	117.4	125.8	121.2
Special education	58.8	50.4	66.5	76.5	66.1	55.0	60.0	70.3	67.2	67.2
Other special education	11.5	24.8	12.6	11.5	10.5	10.5	11.5	10.3	10.0	10.0
Support services										
Student and instruction related services	41.0	46.0	44.8	43.8	60.3	55.8	49.0	51.4	53.9	54.0
General administration	2.1	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administration services	15.5	15.5	15.5	15.5	16.0	15.0	16.0	16.0	16.0	16.0
Other administration services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Central services	6.7	6.7	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Administrative information technology	2.0	1.0	1.0	1.0	1.5	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	13.0	12.6	13.3	13.3	15.0	11.5	11.0	10.0	10.0	10.0
Pupil transportation	19.5	18.6	19.4	19.4	21.0	21.0	19.0	14.0	15.0	17.0
Total	300.8	308.0	310.1	316.4	317.1	287.8	299.0	299.4	307.9	305.4

Source: District Personnel Records

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	2,040	\$ 30,545,059	\$ 14,973	-1.09%	209	1 to 9.76	2,030.5	1,953.2	-2.82%	96.19%
2012	1,955	29,987,047	15,339	2.44%	206	1 to 9.49	1,959.1	1,880.5	-3.52%	95.99%
2013	1,875	31,272,613	16,679	8.74%	200	1 to 9.38	1,844.1	1,762.6	-5.87%	95.58%
2014	1,780	30,824,120	17,317	3.83%	195	1 to 9.13	1,777.9	1,706.0	-3.59%	95.96%
2015	1,752	31,033,787	17,713	2.29%	196	1 to 8.94	1,754.8	1,684.0	-1.30%	95.97%
2016	1,690	31,034,016	18,363	3.67%	195	1 to 8.67	1,689.5	1,622.8	-3.72%	96.05%
2017	1,620	32,010,489	19,760	7.60%	191	1 to 8.48	1,609.2	1,549.2	-4.75%	96.27%
2018	1,528	33,375,478	21,843	10.54%	198	1 to 7.72	1,512.8	1,452.0	-5.99%	95.98%
2019	1,509	35,260,141	23,367	6.98%	203	1 to 7.43	1,490.0	1,430.0	-1.51%	95.97%
2020	1,490	35,249,763	23,658	8.31%	198	1 to 7.53	1,476.5	1,429.4	-0.90%	96.81%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary.

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Elementary										
Whitehouse School (1916)										
Square feet	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333
Capacity (students)	531	531	531	531	531	531	531	531	531	531
Enrollment	385	372	337	342	352	341	331	303	303	307
Three Bridges School (1950)										
Square feet	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435
Capacity (students)	445	445	445	445	445	445	445	445	445	445
Enrollment	382	373	337	317	333	320	321	301	330	303
Holland Brook School (1999)										
Square feet	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150
Capacity (students)	653	653	653	653	653	653	653	653	653	653
Enrollment	497	463	429	405	378	372	361	335	321	330
Middle										
Readington Middle School (1962)										
Square feet	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536
Capacity (students)	832	832	832	832	832	832	832	832	832	832
Enrollment	763	742	748	709	688	641	607	577	555	532

Number of schools at June 30, 2020:

Elementary	3
Middle	1

Source: District Facilities Office

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

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facilities
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

Fiscal Year Ending	*School Facilities				Total
	Three Bridges School	Whitehouse School	Holland Brook School	Readington Middle School	
2011	\$ 99,942	\$ 105,405	\$ 179,268	\$ 165,132	\$ 549,747
2012	115,270	100,249	142,749	177,767	536,035
2013	128,858	108,675	181,545	202,067	621,145
2014	146,587	100,587	124,561	188,397	560,132
2015	91,615	85,736	108,262	159,699	445,312
2016	90,478	90,458	127,052	177,695	485,683
2017	82,333	83,136	120,859	149,677	436,005
2018	115,113	89,246	128,967	170,199	503,525
2019	100,041	120,892	117,575	177,799	516,307
2020	159,080	93,858	111,702	197,616	562,256
Total school facilities	<u>\$ 1,129,317</u>	<u>\$ 978,242</u>	<u>\$ 1,342,540</u>	<u>\$ 1,766,048</u>	<u>\$ 5,216,147</u>

Source: District Records

Note: * School Facilities as Defined Under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2020
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund		
Property - Blanket Building & Contents (Insurance Cooperative)	\$ 500,000,000	\$ 2,500
Comprehensive General Liability (Policy Limit)	5,000,000	-
Blanket Dishonesty Bond	500,000	1,000
Pollution Liability - School Alliance Insurance Fund through ACE Insurance Company		
Claim Limit	1,000,000	10,000
School Board Legal Liability - School Alliance Insurance Fund through National Union Fire Insurance Company of Pittsburgh PA		
Policy Limit	5,000,000	10,000
Worker's Compensation - School Alliance Insurance Fund		
Per Accident, Disease and Disease Limit	5,000,000	-
Excess Liability - School Alliance Insurance Fund		
Policy Limit	5,000,000	-
Public Employees' Faithful Performance - Hanover Insurance Company		
Business Administrator's Bond	250,000	-
Treasurer's Bond	250,000	-

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION



Certified Public Accountants, PC
www.bkc-cpa.com

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

Honorable President and
Members of the Board of Education
Readington Township School District
County of Hunterdon, New Jersey

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, and the aggregate remaining fund information of the Readington Township School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 11, 2021.

Internal Control over Financial Reporting

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

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

Purpose of this Report

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



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

January 11, 2021
Flemington, New Jersey



**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform
Guidance and New Jersey OMB Circular 15-08-OMB**

Honorable President and
Members of the Board of Education
Readington Township School District
County of Hunterdon, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Readington Township School District's, (the District), compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2020. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, and the OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

BKC, CPAs, PC

BKC, CPAs, PC

MA

Michael A. Holk, CPA, PSA
NO. 20CS00265600

January 11, 2021
Flemington, New Jersey

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/19	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/ Repayment of Prior Year Balance	Balance June 30, 2020		
					From	To						Receivable	Unearned Revenue	Due to Grantor
U.S. Departments of Education and Health & Human Services														
General Fund														
Medical Assistance Program	93.778	2005NJ5MAP	N/A	\$ 15,048	07/01/19	06/30/20	\$ -	\$ -	\$ 15,048	\$ 15,048	\$ -	\$ -	\$ -	\$ -
Total General Fund							-	-	15,048	15,048	-	-	-	-
U.S. Department of Education passed through State Department of Education														
Special Revenue Fund														
ESSA Title I A	84.010A	S010S190030	ESSA-435020	49,998	07/01/19	06/30/20	-	-	33,754	39,599	-	(5,845)	-	-
ESSA Title I A	84.010A	S010S180030	ESSA-435019	63,053	07/01/18	06/30/19	(3,560)	(756)	4,316	-	-	-	-	-
ESSA Title I A Carryover	84.010A	S010S180030	ESSA-435019	63,053	07/01/18	06/30/19	-	756	-	756	-	-	-	-
ESSA Title II A	84.367A	S367A190029	ESSA-435020	19,155	07/01/19	06/30/20	-	-	18,024	19,085	-	(1,061)	-	-
ESSA Title III Consortium	84.365A	S365A190030	ESSA-435020	12,575	07/01/19	06/30/20	-	-	6,225	10,149	-	(3,924)	-	-
ESSA Title III Consortium Carryover	84.365A	S365A180030	ESSA-435019	11,364	07/01/18	06/30/19	-	3,080	-	3,080	-	-	-	-
ESSA Title III Consortium	84.365A	S365A180030	ESSA-435019	12,834	07/01/18	06/30/19	(3,396)	(3,080)	6,476	-	-	-	-	-
ESSA Title IV	84.365	S365A190030	ESSA-435020	10,000	07/01/19	06/30/20	-	-	10,000	10,000	-	-	-	-
Cares Emergency Relief	84.425D	S425D200027	ESSER-435020	40,195	7/1/2019	06/30/20	-	-	-	-	-	-	-	-
Special Education Cluster														
IDEA Basic	84.027	H027A190100	IDEA-435020	354,889	07/01/19	06/30/20	-	-	351,890	353,314	-	(1,424)	-	-
IDEA Basic	84.027	H027A180100	IDEA-435019	351,643	07/01/18	06/30/19	(1,757)	-	1,757	-	-	-	-	-
IDEA Preschool	84.173	H173S190114	IDEA-435020	13,561	07/01/19	06/30/20	-	-	13,021	13,449	-	(428)	-	-
IDEA Preschool	84.173	H173S180114	IDEA-435019	13,381	07/01/19	06/30/20	(333)	(24)	357	-	-	-	-	-
IDEA Preschool Carryover	84.173	H173S180114	IDEA-435019	13,381	07/01/18	06/30/19	-	24	-	24	-	-	-	-
Total Special Education Cluster							(2,090)	-	367,025	366,787	-	(1,852)	-	-
Total Special Revenue Fund							(9,046)	-	445,820	449,456	-	(12,682)	-	-
U.S. Department of Agriculture passed through State Department of Agriculture														
Enterprise Fund														
Child Nutrition Cluster														
National School Lunch Program														
Non-Cash Assistance (Commodities)	10.555	201NJ304N1099	N/A	31,202	10/01/19	09/30/20	-	-	31,202	27,421	-	-	3,781	-
National School Lunch Program														
Non-Cash Assistance (Commodities)	10.555	191NJ304N1099	N/A	34,586	10/01/18	09/30/19	3,047	-	-	3,047	-	-	-	-
National School Lunch Program														
Cash Assistance	10.555	201NJ304N1099	N/A	75,326	10/01/19	09/30/20	-	-	68,876	73,490	-	(4,614)	-	-
National School Lunch Program														
Cash Assistance	10.555	191NJ304N1099	N/A	77,753	10/01/18	09/30/19	(6,450)	-	6,450	-	-	-	-	-
Total Enterprise Fund							(3,403)	-	106,528	103,958	-	(4,614)	3,781	-
Total Federal Financial Assistance							\$ (12,449)	\$ -	\$ 567,396	\$ 568,462	\$ -	\$ (17,296)	\$ 3,781	\$ -

See independent auditors' report

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019		Cash Received	Budgetary Expenditure	Repayment	Balance June 30, 2020			Memo	
			From	To	Unearned Rev. (Accts. Rec)	Due to Grantor			of Prior Year Balances	Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	20-495-034-5120-089	\$ 1,245,301	07/01/19	06/30/20	\$ -	\$ -	\$ 1,128,480	\$ 1,245,301	\$ -	\$ -	\$ -	\$ -	\$ 116,821	\$ 1,245,301
Security Aid	20-495-034-5120-084	69,578	07/01/19	06/30/20	-	-	63,051	69,578	-	-	-	-	6,527	69,578
Transportation Aid	20-495-034-5120-014	394,345	07/01/19	06/30/20	-	-	357,352	394,345	-	-	-	-	36,993	394,345
Extraordinary Special Education Costs Aid	19-495-034-5120-044	303,891	07/01/18	06/30/19	(303,891)	-	303,891	-	-	-	-	-	-	303,891
Extraordinary Special Education Costs Aid	20-495-034-5120-044	316,789	07/01/19	06/30/20	-	-	-	316,789	-	(316,789)	-	-	-	316,789
Non-Public Transportation Aid	19-495-034-5120-014	23,300	07/01/18	06/30/19	(23,300)	-	23,300	-	-	-	-	-	-	23,300
On-Behalf TPAF Pension Contribution - Postretirement Medical	20-495-034-5094-001	1,075,720	07/01/19	06/30/20	-	-	1,075,720	1,075,720	-	-	-	-	-	1,075,720
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	20-495-034-5094-004	51,058	07/01/19	06/30/20	-	-	51,058	51,058	-	-	-	-	-	51,058
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	20-495-034-5094-002	2,848,600	07/01/19	06/30/20	-	-	2,848,600	2,848,600	-	-	-	-	-	2,848,600
On-Behalf TPAF Pension Contribution - Long-Term Disability	20-495-034-5094-004	2,166	07/01/19	06/30/20	-	-	2,166	2,166	-	-	-	-	-	2,166
Reimbursed TPAF Social Security Contribution	19-495-034-5094-003	1,100,557	07/01/18	06/30/19	(53,418)	-	53,418	-	-	-	-	-	-	1,100,557
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	1,063,052	07/01/19	06/30/20	-	-	1,009,807	1,063,052	-	(53,245)	-	-	-	1,063,052
Total General Fund					<u>(380,609)</u>	<u>-</u>	<u>6,916,843</u>	<u>7,066,609</u>	<u>-</u>	<u>(370,034)</u>	<u>-</u>	<u>-</u>	<u>160,341</u>	<u>8,494,357</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B (continued)
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance June 30, 2019		Cash Received	Budgetary Expenditure	Repayment	Balance June 30, 2020			Memo	
					Deferred Rev. (Accts. Rec)	Due to Grantor			of Prior Year Balances	Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
NJ School Development Authority														
Capital Projects Fund														
ROD IV-Security Surveillance Upgrades														
Readington Middle School	4350-050-14-1006	\$ 46,000	N/A	N/A	\$ (46,000)	\$ -	\$ -	\$ -	\$ -	\$ (46,000)	\$ -	\$ -	\$ -	\$ 46,000
Three Bridges Elementary School	4350-060-14-1007	24,000	N/A	N/A	(24,000)	-	-	-	-	(24,000)	-	-	-	24,000
Whitehouse Elementary School	4350-070-14-1008	28,000	N/A	N/A	(28,000)	-	-	-	-	(28,000)	-	-	-	28,000
Holland Brook Elementary School	4350-030-14-1005	26,000	N/A	N/A	(26,000)	-	-	-	-	(26,000)	-	-	-	26,000
Total Capital Projects Fund					<u>(124,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(124,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,000</u>
State Department of Education														
Debt Service Fund														
Debt Service Aid - State Support	20-495-034-5120-017	7,098	07/01/19	06/30/20	-	-	7,098	7,098	-	-	-	-	-	7,098
Total Debt Service Fund					<u>-</u>	<u>-</u>	<u>7,098</u>	<u>7,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,098</u>
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	20-100-010-3350-023	5,173	07/01/19	06/30/20	-	-	3,783	5,173	-	(1,390)	-	-	-	5,173
State School Lunch Program	19-100-010-3350-023	5,193	07/01/18	06/30/19	(432)	-	432	-	-	-	-	-	-	5,193
Total Enterprise Fund					<u>(432)</u>	<u>-</u>	<u>4,215</u>	<u>5,173</u>	<u>-</u>	<u>(1,390)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,366</u>
Total State Financial Assistance					<u>\$ (505,041)</u>	<u>\$ -</u>	<u>\$ 6,928,156</u>	<u>7,078,880</u>	<u>\$ -</u>	<u>\$(495,424)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,341</u>	<u>\$8,628,723</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution -														
Teachers' Pension & Annuity Fund	20-495-034-5094-002							2,848,600						
On-Behalf TPAF Pension Contribution -														
Non-Contributory Insurance	20-495-034-5094-004							51,058						
On-Behalf TPAF Pension Contribution -														
Postretirement Medical	20-495-034-5094-001							1,075,720						
On-Behalf TPAF Pension Contribution -														
Long-Term Disability Insurance	20-495-034-5094-004							2,166						
Total for State Financial Assistance - Major Program Determination								<u>\$ 3,101,336</u>						

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Readington Township School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the District's basic financial statements.

Note 3 - Relationship of financial statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$10,966) for the general fund and \$1,150 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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's Basic Financial Statements on a GAAP basis as follows:

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund	\$ -	\$ 15,048	\$ 7,055,643	\$ 7,070,691
Special revenue fund	10,553	449,456	-	460,009
Debt service fund	-	-	7,098	7,098
Food service fund	-	103,958	5,173	109,131
Total awards and financial assistance	<u>\$ 10,553</u>	<u>\$ 568,462</u>	<u>\$ 7,067,914</u>	<u>\$ 7,646,929</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent 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, 2020. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the fiscal year ended June 30, 2020.

Note 6 - Indirect costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

**READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

- 1. Were material weakness(es) identified? Yes No
- 2. Were significant deficiencies identified? Yes None reported

Noncompliance material to basic financial statements noted? Yes No

Federal Awards Not Applicable

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes No
- 2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs? _____

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)? Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs? _____

Did the auditee qualify as a low-risk auditee? Yes No

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2020

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

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? X Yes ___ No

Internal Control Over Major Programs:

1. Were material weakness(es) identified? ___ Yes X No
2. Were there significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? ___ Yes X No

Identification of Major Programs:

State Grant/Project Numbers	Name of State Program
20-495-034-5120-089	<i>State Aid Public Cluster:</i>
20-495-034-5120-084	<i>Special Education Categorical Aid</i>
	<i>Security Aid</i>

**READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs – Section II and III
For the Fiscal Year Ended June 30, 2020**

Section II - Financial Statement Findings

There were no findings or questioned costs for the fiscal year ended June 30, 2020.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the fiscal year ended June 30, 2020.

**READINGTON TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2020**

Status of Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action has been taken on finding number 2019-001.