

SCHOOL DISTRICT OF THE
BOROUGH OF WANAQUE
COUNTY OF PASSAIC, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

**BOARD OF EDUCATION
BOROUGH OF WANAQUE
STATE OF NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

**PREPARED BY
WANAQUE BOARD OF EDUCATION
FINANCE OFFICE**

**BOROUGH OF WANAQUE
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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INTRODUCTORY SECTION

WANAQUE PUBLIC SCHOOLS

SAMANTHA NASH, M.A.

DIRECTOR OF CURRICULUM, INSTRUCTION,
& PROFESSIONAL DEVELOPMENT

ROBERT P. MOONEY, M.A.

INTERIM SUPERINTENDENT OF SCHOOLS

NANCY DI BARTOLO

BUSINESS ADMINISTRATOR/
BOARD SECRETARY

December 21, 2020

Ms. Angela Demetriou, President
Members of the Board of Education
Wanaque Public School District
973A Ringwood Avenue
Haskell, New Jersey 07420

Dear Ms. Demetriou and Members of the Board of Education:

The Comprehensive Annual Financial Report of the School District of the Borough of Wanaque ("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 District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial positions 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: (1) Introductory; (2) Financial; (3) Statistical; and (4) Single Audit. The **Introductory** section includes this transmittal letter, the District's organizational chart and a list of principal officials. The **Financial** section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The **Statistical** section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the **Single Audit** section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in Statement No. 14. All funds and account groups of the District are included in this report. The Wanaque Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-kindergarten through eight, including regular education as well as special education programs. Future enrollment is expected to increase. As of September 2018, we have 899 students on

roll. The following details the changes in the student enrollment of the District over the last ten years as of June.

Fiscal Year	Student Enrollment	Percent Change
2019/2020	901	1.34%
2018/2019	889	-3.23%
2017/2018	919	-4.17%
2016/2017	959	-0.72%
2015/2016	966	0.21%
2014/2015	964	0.00%
2013/2014	964	-1.43%
2012/2013	978	0.62%
2011/2012	972	1.78%
2010/2011	955	0.10%
2009/2010	954	-2.45%
2008/2009	978	-3.17%

2. ECONOMIC CONDITION AND OUTLOOK

Wanaque Borough is a rural/suburban residential community with its working population primarily employed by local businesses and other businesses in the surrounding area. The 2020 census reported a population in the Borough of 11,835.

While the State has recently developed a consistent, long-range formula for the funding of education, its ability to fully fund these obligations remains in question thus passing the financial burden to the local tax levy.

Although, legislation at both the state and local levels could have a negative impact on the future growth of the Borough and the operations of the District, other factors suggest a more positive outlook, such as;

- The creation of new housing and business developments throughout the community, which are either outside the scope of the Highlands Act or predate it.
- In an effort to curtail rising taxes, the State passed and signed into legislation a 2% cap to the amount that a Board may increase the general fund tax levy.
- Standard & Poors rated the district AA- with a stable outlook based on the following factors:

- Direct Access to the board employment bases of northern New Jersey and New York City;
- Stable and very diverse property tax base;
- Very strong wealth and income compared to national levels; and
- Moderate debt with limited capital needs.

2. MAJOR EVENTS AND INITIATIVES

Curriculum Initiatives:

In the 2019-2020 school year, we spent planning for the future of our district, laying the cornerstones for tomorrow. In order for our students to be prepared for the challenges of high school and the 21st Century, we continue to organize our schools to improve student achievement and the opportunities afforded to our students during their elementary and middle school years. The District focused their resources on developing best instructional practices academically and developmentally in the primary years of schooling as well as the middle school level of education.

In an effort to continue to develop and strengthen teacher expertise, specifically in literacy and mathematics instruction, different contexts from Fountas and Pinnell Classroom were purchased for students in Grades K-5. This included Interactive Read Aloud, Mini Lessons, and Book Clubs for the older grades, as well as Word Study, Phonics, and Spelling. Professional Development was also provided to help educators in the delivery of the English Language Arts Learning Standards using these different contexts. This K-5 reading program, coupled with Ready Math help to provide for purposeful learning that appropriately challenges students to ensure core content mastery and maximizes student opportunity to excel academically. Educators also continue to strengthen their mathematical teaching skills by attending specific grade level Professional Development through Conquer Math.

I-Ready Math continues to be used in grades 1-8, as it serves as intervention, on-level practice, as well as enrichment. This year we also purchased this learning platform for English Language Arts for various grades. Additionally, for the middle grades, novels and magazines were purchased to support their learning in English Language Arts, Social Studies, Health, and Spanish especially.

To increase the district's ability to prepare students for college, career, and 21st Century success, a fully articulated K-8 STEM program that allows students to strengthen their problem-solving skills, work collaboratively with others, and become creative divergent thinkers has continued to be implemented. The district has purchased a subscription to Mystery Science, Defined Stem, Know Atom, and Stem Scopes.

All aspects of district technology were examined to improve efficiency and effectiveness. To that end, the district will continue to purchase Chromebook carts and infuse Google technology into instruction. Additionally, virtual learning platforms will continue to be infused into instruction, giving all students the opportunity to practice and apply skills taught.

The Wanaque School District continues to foster and promote mindfulness-based practices into everyday routines to promote self-awareness, mental focus, and stress management that will help students' and educators' social and emotional needs. To that end, teachers will incorporate specific strategies into their classroom to help reduce stress and increase self-awareness and student engagement. Teachers continue to gain professional development through Jenny Mills,

a mindfulness coach, as well as use the resource, “Seven Habits of Highly Effective Teens,” by Sean Covey.

In conclusion, the Wanaque School District continues to work and plan to shape the future of our children by supporting the acquisition of knowledge in all content areas, the development and application of life-long skills and to prepare them for success in the 21st century.

Physical School Building Initiative:

In the 2019-2020 school year, the Wanaque School District finalized strategies for the Energy Savings Improvement Plan (ESIP). This program is an approved financial innovation designed to allow districts to study and determine potential ongoing energy savings through the purchase and installation of new equipment and pay for this equipment over a 15-year period with these carefully calculated annual energy savings at little or no cost to the district.

The Wanaque ESIP includes the installation of new LED lighting throughout the District with 80% cost reduction through the New Jersey Direct Install Program. No cost to the District, solar panels will be installed on the roofs of both Haskell and Wanaque Schools as part of the District’s Power Purchase Agreement. New rooftop air-conditioning units will be installed at the Wanaque School and a “heating air wall” will be installed at the rear gymnasium entrance at the Haskell School to help keep the air temperature in the area consistent. Most significantly, antiquated heating systems at the Haskell and Wanaque Schools will be replaced with “state-of-the-art” boiler systems, a significant cost reduction through the New Jersey Direct Install Program.

Global Health Event - District Response:

Due to the rising number of Covid-19 cases in the State of New Jersey, the Wanaque School District initially closed for in-person instruction for two-week period from March 16 through March 27, 2020. This decision was ultimately extended through the end of 2019-2020 school year.

In anticipation of this scheduling change, the Wanaque School District surveyed the families to determine accessibility to computers and the internet as well as meals for free and reduced students. Communications to the family were delivered in English and Spanish via Parent Link and posted on the District Website, the Teachers’ Website and Google Classroom. Initially, hardcopy packets were available to the families as the District worked to ensure that those students who needed computers and internet access were not denied.

During the months of March, April, May, and June the District worked to enhance the remote instructional program through meetings with staff, consistent communication to the families and three separate *Instructional Improvement Phases*. With the cooperation of the staff, parents, PTA and the Board of Education, commencement activities at both schools were successfully conducted incorporating the “drive through” format. Concurrently, the District was busy ordering Personal Protective Equipment (PPE) and planning for both Hybrid Instruction and 100% Virtual Instruction for the opening of school in September 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 is compiled to allow for the preparation of

financial statements in conformity with generally accepted accounting principles (“GAAP”). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS

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

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

6. ACCOUNTING SYSTEM AND REPORTS

The District’s accounting records reflect generally accepted accounting principles, as promulgated by GASB. The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in Note 1, “Notes to the Financial Statements”.

Effective July 1, 2008, the District engaged Systems 3000, an integrated management information system designed for New Jersey school districts, to provide its financial accounting, reporting and personnel systems.

7. CASH MANAGEMENT

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

8. RISK MANAGEMENT

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

9. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wielkocz & Company, LLC, Certified Public Accountants was selected by the Board's finance committee. 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 the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Wanaque 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 operations. The preparation of this report could not have been accomplished without the efficient and dedicated services of our administrative, financial and secretarial staff.

Respectfully submitted,

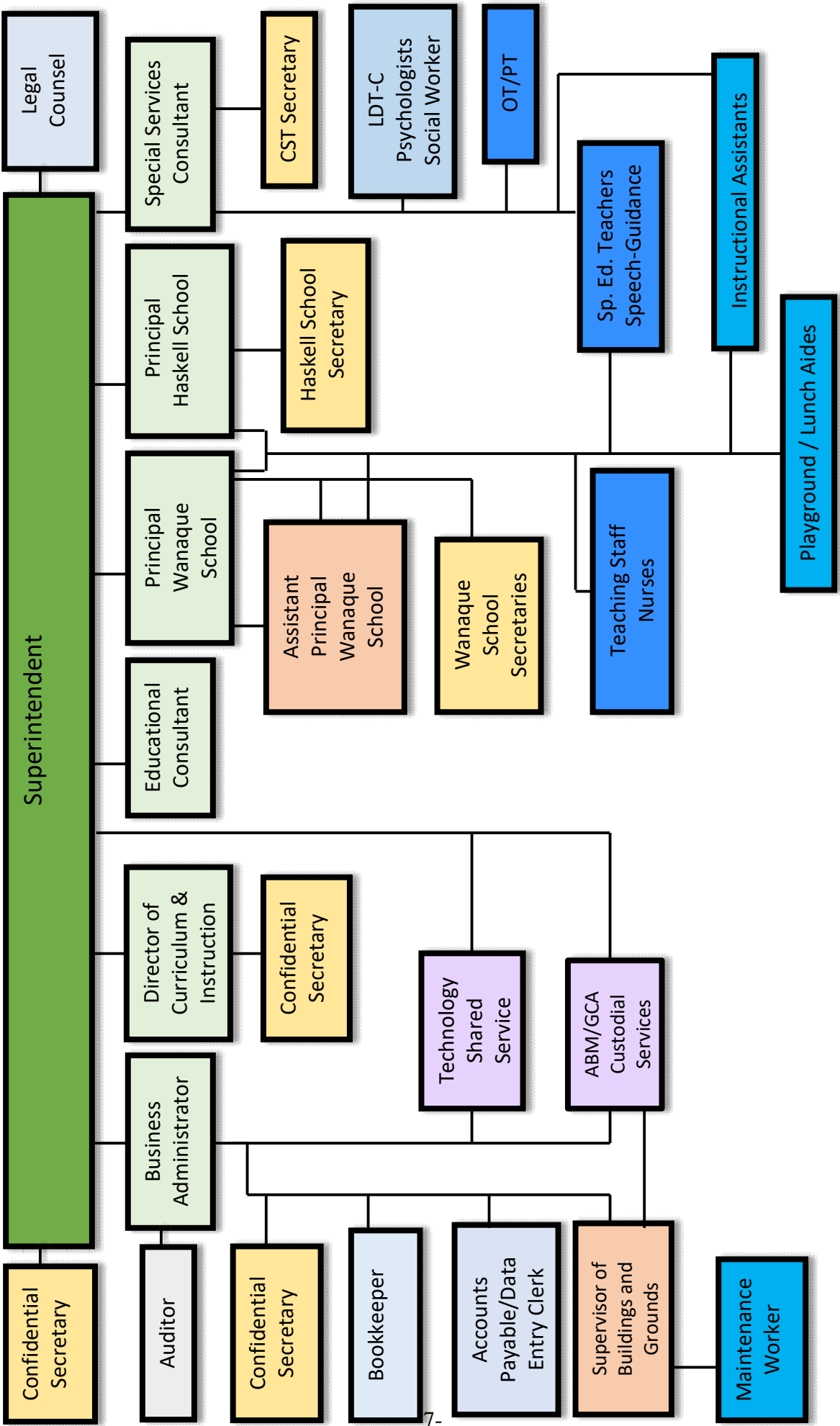
Robert P. Mooney

Robert P. Mooney
Interim Superintendent of Schools

Nancy DiBartolo

Mrs. Nancy Di Bartolo
Business Administrator -
Board Secretary

WANAQUE BOARD OF EDUCATION



**WANAQUE BOARD OF EDUCATION
WANAQUE, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2020**

Member of the Board of Education

Term Expires

Angela Demetriou, President

December 31, 2021

Nick Camisa, Vice President

December 31, 2022

Robert Barnhardt

December 31, 2021

Carolyn Bruenjjes

December 31, 2020

Barry Hain

December 31, 2020

Suzanne Henderson

December 31, 2020

Richard McFarlane

December 31, 2021

Erika Reid

December 31, 2022

Jason Velante

December 31, 2022

Superintendent of Schools

Robert P. Mooney

Business Administrator/Board Secretary

Nancy Di Bartolo

WANAQUE BOARD OF EDUCATION

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FINANCIAL SECTION



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Matthew B. Wielkocz, CPA, PSA
Paul J. Cuva, CPA, RMA, PSA
James J. Cerullo, CPA, RMA, PSA
Thomas M. Ferry, CPA, RMA, PSA

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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Wanaque Borough School District
County of Passaic, New Jersey 07420

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Wanaque School District, in the County of Passaic, State of New Jersey, as of and for the 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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



Honorable President and
Members of the Board of Education
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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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Wanaque Board of Education, in the County of Passaic, State of New Jersey, 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 Information, Schedules Related to Accounting and Reporting for Pensions and Schedules Related to Accounting and Reporting for Other Post-Employment Benefits identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Wanaque Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance as required by N.J. OMB

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Circular 15-08 and the State of New Jersey, Department of Education, Division of Finance and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance as required by N.J. OMB Circular 15-08 and the State of New Jersey, Department of Education, Division of Finance, 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 non-major fund financial statements, schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance as required by N.J. OMB Circular 15-08 and the State of New Jersey, Department of Education, Division of Finance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has 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 21, 2021 on our consideration of the Borough of Wanaque Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Borough of Wanaque Board of Education's internal control over financial reporting and compliance.

Thomas M. Ferry

Thomas M. Ferry
Licensed Public School Accountant
No. 20CS00209100

Wielkotz & Company, LLC

Wielkotz & Company, LLC
Certified Public Accountants
Newton, New Jersey

January 21, 2021

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

SCHOOL DISTRICT OF THE BOROUGH OF WANAQUE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The discussion and analysis of the Wanaque Public School District's ("District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis ("MD&A") is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's ("GASB") Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Using this Comprehensive Annual Financial Report ("CAFR")

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole. The statements then provide an increasingly detailed look at specific financial activities. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting the District as a Whole

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting an aggregate view of the District's 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. In the case of the District, the General Fund is by far the most significant fund.

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2019/20?” The Statement of Net Position and the Statement of Activities help 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 consideration all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the District’s operations are divided into two distinct kinds of activities:

- ◆ Governmental activities – all of the District’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – this service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise funds are reported as a business activity.

Reporting the District’s Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District’s major funds. Although the District uses many funds to account for a multitude of financial transactions, these financial statements focus on the District’s most significant funds. These funds include the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the 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 between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Financial Highlights

Key financial highlights for 2019/20 are as follows:

- ◆ General revenues on the Schedule of Activities (Exhibit A-2) accounted for \$22,863,668 in revenue or 96.92% of all revenues. Program specific revenues in the form of operating grants and charges for services accounted for \$725,648 or 3.08% of total revenues of \$23,589,316.
- ◆ The District had \$22,348,519 in expenses related to Governmental Activities and Business-Type Activities; only \$725,648 of these expenses were offset by charges for services, grants or contributions. General revenues, comprised primarily of property taxes and federal and state aid in the amounts of \$15,550,662 and \$6,988,342, respectively, were adequate to provide for these programs.
- ◆ Among governmental funds, the General Fund had \$20,455,692 in revenues and other financing sources and \$19,897,409 in expenditures and transfers. As a result, the General Fund's balance increased \$558,283 over 2019.
- ◆ In the year ended June 30, 2020, the District made scheduled principal and interest payments of \$1,223,600 on the debt issued pursuant to the August 5, 2014 Refunding Bond Sale.

The District as a Whole

Recall that the Statement of Net Position provides a perspective of the District as a whole. The following provides a summary of the District's net position as of June 30, 2020, as compared to the prior year.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets:						
Current and Other Assets	2,732,077	1,963,950	103,876	100,133	2,835,953	2,064,083
Capital Assets, Net	<u>14,017,138</u>	<u>14,107,409</u>	<u>63,466</u>	<u>70,895</u>	<u>14,080,605</u>	<u>14,178,305</u>
Total Assets	<u>16,749,215</u>	<u>16,071,359</u>	<u>167,342</u>	<u>171,028</u>	<u>16,916,557</u>	<u>16,242,388</u>
Deferred Outflows						
Deferred Outflows of Resources Related to PERS	<u>1,289,479</u>	<u>1,471,075</u>	—	—	<u>1,289,479</u>	<u>1,471,075</u>
Liabilities:						
Current Liabilities	685,545	442,854	34,797	13,973	720,342	456,827
Noncurrent Liabilities	<u>14,264,268</u>	<u>15,117,546</u>	—	—	<u>14,264,268</u>	<u>15,117,546</u>
Total Liabilities	<u>14,949,813</u>	<u>15,560,400</u>	<u>34,797</u>	<u>13,973</u>	<u>14,984,610</u>	<u>15,574,374</u>
Deferred Inflows						
Deferred Inflows of Resources Related to PERS	<u>1,687,753</u>	<u>1,846,213</u>	—	—	<u>1,687,753</u>	<u>1,846,213</u>
Net Position						
Invested in Capital Assets	3,760,625	3,001,324	63,466	70,895	3,824,091	3,072,219
Restricted	2,275,686	1,500,144			2,275,686	1,500,144
Unrestricted	<u>(4,635,183)</u>	<u>(4,365,647)</u>	<u>69,079</u>	<u>86,160</u>	<u>(4,566,105)</u>	<u>(4,279,487)</u>
Total Net Position	<u>1,401,128</u>	<u>135,821</u>	<u>132,545</u>	<u>157,055</u>	<u>1,533,673</u>	<u>292,876</u>

The following shows the changes in net position in the fiscal years ended June 30, 2020 and 2019, respectively.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program Revenues:						
Charges for Services	-	-	148,656	189,612	148,656	189,612
Operating Grants and Contributions	451,589	399,717	125,404	137,577	576,992	537,294
General Revenues:						
Taxes:						
Property Taxes	15,550,662	15,236,857			15,550,662	15,236,857
Grants and Entitlements	6,988,342	7,957,394			6,988,342	7,957,394
Other	<u>323,331</u>	<u>311,837</u>	<u>1,332</u>	<u>2,092</u>	<u>324,663</u>	<u>313,929</u>
Total Revenues	<u>23,313,924</u>	<u>23,905,805</u>	<u>275,392</u>	<u>329,281</u>	<u>23,589,316</u>	<u>24,235,087</u>
Functions/Programs:						
Instruction	14,357,629	14,951,634	-	-	14,357,629	14,951,634
Support Services:						
Student & Instruction						
Related Services	3,046,242	3,250,613	-	-	3,046,242	3,250,613
Administration, Business and Other Support Services	2,097,109	2,242,311	-	-	2,097,109	2,242,311
Operations and Maintenance of Facilities	1,419,627	1,518,843	-	-	1,419,627	1,518,843
Pupil Transportation	679,694	861,835	-	-	679,694	861,835
Interest on Debt	448,315	535,713	-	-	448,315	535,713
Food Service	<u> </u>	<u> </u>	<u>299,902</u>	<u>347,736</u>	<u>299,902</u>	<u>347,736</u>
Total Expenditures	<u>22,048,617</u>	<u>23,360,950</u>	<u>299,902</u>	<u>347,736</u>	<u>22,348,519</u>	<u>23,708,685</u>
Increase or (Decrease) In Net Position	<u>1,265,307</u>	<u>544,856</u>	<u>(24,510)</u>	<u>(18,454)</u>	<u>1,240,797</u>	<u>526,402</u>

Governmental Activities

The unique nature of property taxes and school funding in New Jersey creates the need to periodically seek voter approval for District operations. Property taxes made up 66.70% percent of revenues for governmental activities for the District for the fiscal year ended June 30, 2020. Federal, state and local grants accounted for another 29.97%, while the balance came from interest and other sources. The District’s total revenues were \$23,313,924 for the fiscal year ended June 30, 2020.

Exhibit A-2, “Statement of Activities”, shows the cost of program services and the charges for services and grants offsetting those services, which are summarized below. The net cost reflects the net financial burden that was placed on the District’s taxpayers for each of these functions.

	Total cost of services, Year ended June 30,		Net cost of services, Year ended June 30,	
	<u>2020</u>	<u>2019</u>	<u>2019</u>	<u>2018</u>
Instruction	\$14,357,629	\$14,951,634	\$13,992,723	\$14,608,822
Support services:				
Student and instruction related services	3,046,242	3,250,613	2,959,559	3,193,708
Administration, business and other support services	2,097,109	2,242,311	2,097,109	2,242,311
Operation and maintenance of facilities	1,419,627	1,518,843	1,419,627	1,518,843
Pupil transportation	679,694	861,835	679,694	861,835
Interest on Debt	448,315	535,713	448,315	535,713
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$22,048,617</u>	<u>\$23,360,949</u>	<u>\$21,597,028</u>	<u>\$22,961,233</u>

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

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

Administrative, business and other support services include expenses associated with administrative and financial supervision of the District.

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

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

Business-Type Activities

Revenues for the District's Food Service Program were comprised of charges for services and federal and state reimbursements.

- ◆ In the fiscal year ended June 30, 2020, food service expenses exceeded revenues by \$(24,510). In the fiscal year ended June 30, 2019, expenditures exceeded revenues by \$(18,454).
- ◆ Charges for services represented \$148,656 of revenue in the year ended June 30, 2020, compared to \$189,612 in the prior fiscal year. This represents amounts paid by patrons for daily food services.

Business-Type Activities (Continued)

- ◆ Federal and state reimbursement for meals, including payments for free and reduced lunches and donated commodities, was \$125,404 and \$137,577 in the fiscal years ended June 30, 2020 and 2019, respectively.

The District's Funds

The District's funds are accounted for using a modified accrual basis of accounting. All governmental funds (i.e., general, special revenue and debt service funds presented in the fund-based statements) had total revenues of \$22,130,881, expenditures of \$21,580,289 and \$-0- of other financing sources for the fiscal year ended June 30, 2020.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of governmental funds for the fiscal years ended June 30, 2020 and 2019, respectively:

	Year ended June 30, 2020		Year ended June 30, 2019	
	Amount	% of total	Amount	% of total
Local sources	\$15,918,913	71.93%	\$15,552,326	70.90%
State sources	5,786,906	26.15%	5,958,823	27.17%
Federal sources	<u>425,062</u>	<u>1.92%</u>	<u>423,323</u>	<u>1.93%</u>
Total revenues	<u>\$22,130,881</u>	<u>100.00%</u>	<u>\$21,934,472</u>	<u>100.00%</u>

The following schedule presents a summary of the expenditures of governmental funds for the fiscal years ended June 30, 2020 and 2019, respectively:

	Year ended June 30, 2020		Year ended June 30, 2019	
	Amount	% of total	Amount	% of total
Instruction	\$8,677,103	40.21%	\$8,758,438	39.04%
Support services	11,313,707	52.43%	11,763,501	52.43%
Capital outlay	365,880	1.70%	684,595	3.05%
Debt service:				
Principal	765,000	3.54%	745,000	3.32%
Interest	<u>458,600</u>	<u>2.13%</u>	<u>485,075</u>	<u>2.16%</u>
Total expenses	<u>\$21,580,289</u>	<u>100.00%</u>	<u>\$22,436,610</u>	<u>100.00%</u>

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is accounted for using a modified accrual basis and encumbrance accounting. The most significant budgeted fund is the General Fund.

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

Capital Assets

At the end of the fiscal year, the District had \$23,092,901 invested in land, construction in progress, buildings, furniture and equipment, and vehicles. The following shows capital asset balances, net of accumulated depreciation, as of June 30, 2020 and 2019, respectively:

	Capital Assets June 30,					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
Land	\$ 47,304	\$ 47,304	\$ -	\$ -	\$ 47,304	\$ 47,304
Construction						
In Progress	-	418,789	-	-	-	418,789
Building and						
Improvements	13,258,221	12,765,837	-	-	13,258,221	12,765,837
Machinery and Equipment	<u>711,613</u>	<u>85,479</u>	<u>63,466</u>	<u>70,895</u>	<u>775,709</u>	<u>946,374</u>
	<u>\$14,017,138</u>	<u>\$14,107,409</u>	<u>\$63,466</u>	<u>\$70,895</u>	<u>\$14,080,605</u>	<u>\$14,178,304</u>

Debt Administration

At year end, the district had \$10,145,000 in Bonds Outstanding. A reduction of \$765,000 from last year (more detailed information about the District's Long-Term Liabilities presented in Note 7 to the Basic Financial Statements.)

Other long-term debt includes liabilities for compensated absences of \$568,332 and \$511,253 as of June 30, 2020 and 2019, respectively and lease obligations totaling \$111,513 and \$196,085 as of June 30, 2020 and 2019, respectively and net pension liability for PERS of \$3,439,423 and \$3,500,208 as of June 30, 2020 and 2019, respectively.

For the Future

The Wanaque Public School District is presently in good financial condition. Everyone associated with the Wanaque School District is grateful for the community support.

The School Funding and Reform Act (SFRA) was enacted in 2008 and established a statewide, weighted student funding formula. The Funding Formula is being underfunded by the State and the shortfall is thereby absorbed by the taxpayers. A major concern of the District is its increasing reliance on property taxes.

The Wanaque Public School District has committed itself to continue its system of financial planning, budgeting and internal financial controls to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Administrator/Board Secretary at the Wanaque Board of Education, 973A Ringwood Avenue, Haskell, New Jersey 07420.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	1,065,925.09	88,784.10	1,154,709.19
Receivables, net	427,951.85	6,759.48	434,711.33
Inventory		8,332.07	8,332.07
Restricted assets:			
Capital reserve account - cash	773,700.00		773,700.00
Maintenance reserve account - cash	464,500.00		464,500.00
Capital assets:			
Land	47,304.00		47,304.00
Other capital assets, net	13,969,834.44	63,466.31	14,033,300.75
Total Assets	<u>16,749,215.38</u>	<u>167,341.96</u>	<u>16,916,557.34</u>
DEFERRED OUTFLOWS			
Deferred Outflows of Resources Related to PERS	<u>1,289,479.00</u>		<u>1,289,479.00</u>
LIABILITIES			
Accounts payable	500,215.01	25,209.78	525,424.79
Accrued Interest Payable	148,998.06		148,998.06
Unearned revenue	36,332.10	9,587.26	45,919.36
Noncurrent liabilities:			
Due within one year	825,477.03		825,477.03
Due beyond one year	13,438,791.24		13,438,791.24
Total liabilities	<u>14,949,813.44</u>	<u>34,797.04</u>	<u>14,984,610.48</u>
DEFERRED INFLOWS			
Deferred Inflows of Resources Related to PERS	<u>1,687,753.00</u>		<u>1,687,753.00</u>
NET POSITION			
Invested in capital assets, net of related debt	3,760,625.13	63,466.31	3,824,091.44
Restricted for:			
Debt service	1.16		1.16
Capital projects	23,520.00		23,520.00
Capital reserves	773,700.00		773,700.00
Maintenance reserves	464,500.00		464,500.00
Other purposes	1,013,965.12		1,013,965.12
Unrestricted	<u>(4,635,183.47)</u>	<u>69,078.61</u>	<u>(4,566,104.86)</u>
Total net position	<u><u>1,401,127.94</u></u>	<u><u>132,544.92</u></u>	<u><u>1,533,672.86</u></u>

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

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	5,127,533.60	3,387,319.71		364,906.05	(8,149,947.26)	-	(8,149,947.26)
Special education	2,940,239.79	1,882,321.04			(4,822,560.83)	-	(4,822,560.83)
Other special instruction	433,313.55	242,636.94			(675,950.49)	-	(675,950.49)
Other instruction	176,015.59	168,248.81			(344,264.40)	-	(344,264.40)
Support services:							
Tuition	432,340.38	-			(432,340.38)	-	(432,340.38)
Student & instruction related services	1,762,144.69	851,756.99		86,682.70	(2,527,218.98)	-	(2,527,218.98)
General administrative services	427,984.99	160,168.87			(588,153.86)	-	(588,153.86)
School administrative service	451,132.61	304,180.62			(755,313.23)	-	(755,313.23)
Central Services and Admin. Infor. Tech.	543,232.83	210,409.38			(753,642.21)	-	(753,642.21)
Plant operations and maintenance	1,242,468.35	177,159.08			(1,419,627.43)	-	(1,419,627.43)
Pupil transportation	679,694.34	-			(679,694.34)	-	(679,694.34)
Interest on long-term debt	448,315.00	-			(448,315.00)	-	(448,315.00)
Total governmental activities	14,664,415.72	7,384,201.44	-	451,588.75	(21,597,028.41)	-	(21,597,028.41)
Business-type activities:							
Food Service	299,902.34		148,656.20	125,403.69	-	(25,842.45)	(25,842.45)
Total business-type activities	299,902.34		148,656.20	125,403.69	-	(25,842.45)	(25,842.45)
Total primary government	14,964,318.06		148,656.20	576,992.44	(21,597,028.41)	(25,842.45)	(21,622,870.86)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					14,743,086.00		14,743,086.00
Taxes levied for debt service					807,576.00		807,576.00
Federal and State aid not restricted					6,572,318.24		6,572,318.24
State Aid - Restricted for Debt Service					416,024.00		416,024.00
Tuition Received					252,143.69		252,143.69
Transportation Fees from Individuals					8,500.00		8,500.00
Investment Earnings					973.58	1,332.40	2,305.98
Miscellaneous Income					61,713.81		61,713.81
Total general revenues, special items, extraordinary items and transfers					22,862,335.32	1,332.40	22,863,667.72
Change in Net Position					1,265,306.91	(24,510.05)	1,240,796.86
Net Position - Beginning					135,821.03	157,054.97	292,876.00
Net Position—ending					1,401,127.94	132,544.92	1,533,672.86

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

FUND FINANCIAL STATEMENTS

WANAQUE BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	815,923.93		250,000.00	1.16	1,065,925.09
Interfund receivable	17,607.10				17,607.10
Intergovernmental Accounts Receivable - State	189,132.67				189,132.67
Intergovernmental Accounts Receivable - Federal		56,858.00			56,858.00
Other Receivables	180,243.87				180,243.87
Restricted cash and cash equivalents:					
Capital Reserve Account	773,700.00				773,700.00
Maintenance Reserve Account	464,500.00				464,500.00
Total assets	<u>2,441,107.57</u>	<u>56,858.00</u>	<u>250,000.00</u>	<u>1.16</u>	<u>2,747,966.73</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	29,657.90	32,456.11	226,480.00		288,594.01
Interfund payable		15,889.79			15,889.79
Unearned revenue	27,820.00	8,512.10			36,332.10
Total liabilities	<u>57,477.90</u>	<u>56,858.00</u>	<u>226,480.00</u>	<u>-</u>	<u>340,815.90</u>
Fund Balances:					
Assigned to:					
Other Purposes - Encumbrances	85,425.12				85,425.12
Restricted for:					
Capital Projects Fund			23,520.00		23,520.00
Excess Surplus	528,540.00				528,540.00
Excess Surplus Designated for					
Subsequent Year's Expenditures	400,000.00				400,000.00
Capital Reserve Account	773,700.00				773,700.00
Maintenance Reserve Account	464,500.00				464,500.00
Unassigned:					
Debt Service				1.16	1.16
General fund	131,464.55				131,464.55
Total fund balances	<u>2,383,629.67</u>	<u>-</u>	<u>23,520.00</u>	<u>1.16</u>	<u>2,407,150.83</u>
Total liabilities and fund balances	<u>2,441,107.57</u>	<u>56,858.00</u>	<u>250,000.00</u>	<u>1.16</u>	

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

Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.	(148,998.06)
Accounts Payable for subsequent Pension payment is not a payable in the funds	(211,621.00)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$23,092,901.44 and the accumulated depreciation is \$9,075,763.00.	14,017,138.44
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred Outflows of Resources Related to PERS Pension Liability	1,289,479.00
Deferred Inflows of Resources Related to PERS Pension Liability	(1,687,753.00)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(14,264,268.27)
Net position of governmental activities	<u>\$ 1,401,127.94</u>

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

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local tax levy	14,743,086.00			807,576.00	15,550,662.00
Tuition - Other LEA Within The State	190,827.69				190,827.69
Tuition - From Other Sources	61,316.00				61,316.00
Transportation Fees form Individuals	8,500.00				8,500.00
Interest Earned on Capital Reserve Funds	973.58				973.58
Unrestricted Miscellaneous Revenues	61,713.81	44,919.75		-	106,633.56
Total - Local Sources	<u>15,066,417.08</u>	<u>44,919.75</u>	-	<u>807,576.00</u>	<u>15,918,912.83</u>
State sources	5,370,882.01	-	-	416,024.00	5,786,906.01
Federal sources	18,393.23	406,669.00			425,062.23
Total revenues	<u>20,455,692.32</u>	<u>451,588.75</u>	-	<u>1,223,600.00</u>	<u>22,130,881.07</u>
EXPENDITURES					
Current:					
Regular instruction	4,762,627.55	364,906.05			5,127,533.60
Special education instruction	2,940,239.79				2,940,239.79
Other special instruction	433,313.55				433,313.55
Other instruction	176,015.59				176,015.59
Support services and undistributed costs:					
Tuition	432,340.38				432,340.38
Student & instruction related services	1,675,461.99	86,682.70			1,762,144.69
General administrative services	427,984.99				427,984.99
School administrative services	451,132.61				451,132.61
Central Services and administrative Info. Tech.	627,804.82				627,804.82
Plant operations and maintenance	1,242,468.35				1,242,468.35
Pupil transportation	679,694.34				679,694.34
Unallocated employee benefits	5,690,136.34				5,690,136.34
Debt Service:					
Principal				765,000.00	765,000.00
Interest and other charges				458,600.00	458,600.00
Capital outlay	-	-	365,880.00		365,880.00
Total expenditures	<u>19,539,220.30</u>	<u>451,588.75</u>	<u>365,880.00</u>	<u>1,223,600.00</u>	<u>21,580,289.05</u>
Excess (Deficiency) of revenues over expenditures	<u>916,472.02</u>	<u>-</u>	<u>(365,880.00)</u>	<u>-</u>	<u>550,592.02</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	31,211.05		389,400.00		420,611.05
Operating Transfers Out	<u>(389,400.00)</u>		<u>(31,211.05)</u>		<u>(420,611.05)</u>
Total other financing sources and uses	<u>(358,188.95)</u>	<u>-</u>	<u>358,188.95</u>	<u>-</u>	<u>-</u>
Net change in fund balances	558,283.07	-	(7,691.05)	-	550,592.02
Fund balance—July 1	1,825,346.60		31,211.05	1.16	1,856,558.81
Fund balance—June 30	<u>2,383,629.67</u>	<u>-</u>	<u>23,520.00</u>	<u>1.16</u>	<u>2,407,150.83</u>

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

**WANAQUE BOROUGH 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 change in fund balances - governmental funds (from B-2) 550,592.02

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, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation expense	\$	(456,151.00)	
Capital outlay		<u>365,880.00</u>	
			(90,271.00)

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when paid amount exceeds the earned amount the the difference is an addition to the reconciliation (+).

(Increase)/Decrease in Compensated Absences Payable (57,079.10)

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

In the current year, these amounts consist of:

Principal Payments on Capital Leases		84,571.99	
Principal Payments on Bond Payables		765,000.00	

District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District Pension Contributions	185,673.00		
Less: Pension Expense		<u>(183,465.00)</u>	
(Increase)/Decrease in Pension Expense			2,208.00

Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

Increase in On-behalf State Aid TPAF Pension		985,401.00	
Increase in On-behalf TPAF Pension Expense		(985,401.00)	

Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF post employment medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

Increase in On-behalf State Aid TPAF Post Employment Medical Revenue		197,642.00	
Increase in On-behalf State Aid TPAF Post Employment Medical Expense		(197,642.00)	

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is a (increase), decrease in the reconciliation.

10,285.00

Change in net position of governmental activities 1,265,306.91

**WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	88,784.10
Intergovernmental receivables:	
State Aid	66.28
Federal Aid	6,693.20
Inventories	8,332.07
Total current assets	103,875.65
FIXED ASSETS:	
Furniture, machinery & equipment	139,611.31
Less accumulated depreciation	(76,145.00)
Total fixed assets	63,466.31
TOTAL ASSETS	167,341.96
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts payable	25,209.78
Unearned Revenue:	
Prepaid Sales	9,587.26
TOTAL CURRENT LIABILITIES	34,797.04
NET POSITION	
Invested in capital assets net of	
Related debt	63,466.31
Unrestricted	69,078.61
TOTAL NET POSITION	132,544.92
TOTAL LIABILITIES AND NET POSITION	167,341.96

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

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	111,929.20
Daily sales - non-reimbursable programs	36,676.00
Special functions	51.00
Total operating revenues	148,656.20
Operating expenses:	
Cost of sales reimbursable	34,876.64
Salaries	7,527.78
Employee benefits	1,098.54
Fixed Price Contract with Food Service Company	(1) 225,572.48
Purchased services	3,798.63
Management Fees	6,930.00
Insurance	781.48
General supplies	6,524.63
Depreciation	7,429.00
Repairs	4,315.48
Miscellaneous	1,047.68
Total operating expenses	299,902.34
Operating loss	(151,246.14)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	2,627.83
Federal sources:	
National school lunch program	78,840.49
National school breakfast program	20,837.05
Special milk program	148.45
Food distribution program	22,949.87
Interest	1,332.40
Total nonoperating revenues (expenses)	126,736.09
Net income (loss) before operating transfers	(24,510.05)
Total Net Position - Beginning of Year	157,054.97
Total net position—ending	132,544.92

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

**WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-type Activities - Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	158,243.46
Payments to employees for services	(7,527.78)
Payments to suppliers for goods and services	(280,235.17)
Net cash used for operating activities	(129,519.49)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	2,838.62
Federal Sources	123,870.28
Net cash provided by (used for) non-capital financing activities	126,708.90
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on cash equivalents	1,332.40
Net cash provided by (used for) investing activities	1,332.40
Net increase (decrease) in cash and cash equivalents	(1,478.19)
Balances—beginning of year	90,262.29
Balances—end of year	88,784.10
Reconciliation of operating income (loss) to net cash (used for) by operating activities:	
Operating loss	(151,246.14)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	7,429.00
(Increase)/decrease in inventory	(6,526.21)
Increase /(decrease) in accounts payable	11,236.60
(Increase) decrease in deferred revenue	9,587.26
Total adjustments	21,726.65
Net cash provided by (used for) operating activities	(129,519.49)

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

**WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

	Unemployment Compensation Trust	Agency Funds
ASSETS		
Cash and cash equivalents	137,696.51	218,221.30
Interfund Receivable - Payroll Agency Account	5,086.08	
Total assets	142,782.59	218,221.30
LIABILITIES		
Payable to student groups		115,010.81
Payroll deductions and withholdings		96,407.10
Interfund Payable - General Fund		1,717.31
Total liabilities	-	218,221.30
NET POSITION		
Held in trust for unemployment claims and other purposes	142,782.59	

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

**WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Board Contributions	25,000.00
Plan member	16,893.01
Total Contributions	41,893.01
Investment earnings:	
Interest	1,427.21
Net investment earnings	1,427.21
Total additions	43,320.22
DEDUCTIONS	
Unemployment claims	18,218.75
Total deductions	18,218.75
Change in net position	25,101.47
Net position—beginning of the year	117,681.12
Net position—end of the year	142,782.59

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

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education (“Board”) of the Borough of Wanaque School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Wanaque School District is a Type II district located in the County of Passaic, 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. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Financial Reporting Entity” establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school and a middle school, located in the Borough of Wanaque. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

District-wide Financial Statements

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENTAL FUNDS

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

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

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

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

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

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 sale of bonds, lease purchases and other revenues.

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.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board 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 Board's Enterprise Fund is comprised of the Food Service Fund.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include the Unemployment Compensation Insurance Fund, Student Activities Fund and Payroll Agency Fund.

B. Measurement Focus

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses)

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Exchange and Non-exchange Transactions (continued)

in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and 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.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets/Budgetary Control (continued)

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

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 Board 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. Cash, Cash Equivalents and Investments

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

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

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash, Cash Equivalents and Investments (continued)

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

G. Tuition Revenues/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.

H. Tuition Payable

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

I. Inventories

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Short-Term Interfund Receivables/Payables

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Capital Assets

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

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Building and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

M. Compensated Absences

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

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

O. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

P. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Accounting and Financial Reporting for Pensions (continued)

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 only one item that qualifies for reporting in this category, which is deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

Nonspendable fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

S. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

V. Allocation of Indirect Expenses

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

W. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. New Accounting Standards:

During fiscal year 2020, the District did not adopt any new GASB Statements.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. This statement was effective for reporting periods beginning after December 31, 2018. However, GASB Statement No. 95 postponed the implementation of this statement by one year due to the COVID-19 pandemic.

GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. However, GASB Statement No. 95 postponed the implementation of this statement by one year due to the COVID-19 pandemic.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the end of a Construction*. The objectives of this Statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. However, GASB Statement No. 95 postponed the implementation of this statement by one year due to the COVID-19 pandemic.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 31, 2018. However, GASB Statement No. 95 postponed the implementation of this statement by one year due to the COVID-19 pandemic.

Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. New Accounting Standards: (continued)

GASB Statement No. 91, Conduit Debt Obligations. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020. However, GASB Statement No. 95 postponed the implementation of this statement by one year due to the COVID-19 pandemic.

In January 2020, the Government Accounting Standards Board issued GASB Statement No. 92, Omnibus. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The Authority does not believe this Statement will have any effect on future financial statements. However, GASB Statement No. 95 postponed the implementation of this statement by one year due to the COVID-19 pandemic.

In March 2020, the Government Accounting Standards Board issued GASB Statement No. 93, Replacement of Interbank Offering Rates. The objective of this Statement is to address certain issues with Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, Statement No. 87, Leases, as amended and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for fiscal years beginning after June 15, 2020. However, GASB Statement No. 95 postponed the implementation of this statement by one year due to the COVID-19 pandemic.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2020, \$0- of the District's bank balance of \$3,111,665.50 was exposed to custodial credit risk.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investment to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The district places no limit on the amount the District may invest in any one issuer.

NOTE 4. RECEIVABLES

Receivables at June 30, 2020 consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Activities</u>	Enterprise <u>Fund</u>	District Wide Financial <u>Statements</u>
State Aid	\$189,132.67	\$66.28	\$189,198.95
Federal Aid	56,858.00	6,693.20	63,551.20
Other	180,243.87	-0-	180,243.87
Interfunds	17,607.10	-0-	1,717.31
Gross Receivables	443,841.64	6,759.48	434,711.33
Less Allowance for Uncollectables	-	-	-
Total Receivables Net	<u>443,841.64</u>	<u>6,759.48</u>	<u>434,711.33</u>

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2020 consist of the following:

Due to General Fund from Net Payroll Account for interest earnings.	\$	534.00
Due to General Fund from Payroll Agency Fund for interest earned.		1,029.69
Due to General Fund from Flexible Spending Account for interest earned.		153.62
Due to General Fund from Special Revenue Fund for short term loans.		<u>15,889.79</u>
	\$	<u>17,607.10</u>

It is anticipated that all interfunds will be liquidated within the fiscal year.

The General Fund is owed \$15,889.79 from the Special Revenue Fund for a cash deficit which will be reimbursed when grant money is received from federal grantors.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 6. CAPITAL ASSETS

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

	<u>Balance 6/30/19</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance 6/30/20</u>
Governmental Activities:					
Capital Assets Not Being Depreciated					
Land	47,304.00				47,304.00
Construction in Progress	<u>418,788.95</u>	<u>365,880.00</u>	_____	<u>(784,668.95)</u>	_____
Total Capital assets not being Depreciated	<u>466,092.95</u>	<u>365,800.00</u>	_____	<u>(784,668.95)</u>	<u>47,304.00</u>
Capital Assets Being Depreciated					
Building and Building Improvements	20,460,609.36			784,668.95	21,245,278.31
Machinery and Equipment	<u>1,864,190.13</u>	_____	<u>(63,871.00)</u>	_____	<u>1,800,319.13</u>
Total Capital Assets Being Depreciated, Net	<u>22,324,799.49</u>	_____	<u>(63,871.00)</u>	<u>784,668.95</u>	<u>23,045,597.44</u>
Less Accumulated Depreciation:					
Building and Improvements	(7,694,772.00)	(356,156.00)	63,871.00		(7,987,057.00)
Equipment	<u>(988,711.00)</u>	<u>(99,995.00)</u>	_____	_____	<u>(1,088,706.00)</u>
Total Accumulated Depreciation	<u>(8,683,483.00)</u>	<u>(456,151.00)</u>	<u>63,871.00</u>	_____	<u>(9,075,763.00)</u>
Total Capital Assets, Being Depreciated, Net of accumulated depreciation	<u>13,641,316.49</u>	<u>(456,151.00)</u>	_____	<u>784,668.95</u>	<u>13,969,834.44</u>
Governmental Activities, Capital Assets, Net	<u>14,107,409.44</u>	<u>(90,271.00)</u>	=====	=====	<u>14,017,138.44</u>
Business-Type Activity					
Equipment	139,611.31				139,611.31
Less accumulated depreciation for:					
Equipment	<u>(68,716.00)</u>	<u>(7,429.00)</u>	_____	_____	<u>(76,145.00)</u>
Business-Type Activity Capital Assets, Net	<u>70,895.31</u>	<u>(7,429.00)</u>	=====	=====	<u>63,466.31</u>

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 6. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Instruction:

Regular Education	\$ 378,067.84
Student and Instruction Related Services	18,591.98
School Administration	11,879.38
General Administration	13,646.62
Plant Operations and Maintenance	<u>33,965.18</u>
 Total Depreciation Expense	 <u>\$ 456,151.00</u>

NOTE 7. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the fiscal year ended June 30, 2020 are as follows:

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Retired</u>	Balance <u>June 30, 2020</u>	Due Within <u>One Year</u>	Long-Term <u>Portion</u>
Capital Lease payable	\$ 196,085.30	\$	\$ (84,571.99)	\$ 111,513.31	\$ 55,477.03	\$ 56,036.28
Liability-PERS	3,500,208.00	3,439,423.00	(3,500,208.00)	3,439,423.00		3,439,423.00
Compensated Absences payable	511,252.86 (1)	57,079.10		568,331.96		568,331.96
Bonds Payable	<u>10,910,000.00</u>	<u></u>	<u>(765,000.00)</u>	<u>10,145,000.00</u>	<u>770,000.00</u>	<u>9,375,000.00</u>
	<u>\$15,117,546.16</u>	<u>\$3,496,502.10</u>	<u>\$(4,349,779.99)</u>	<u>\$14,264,268.27</u>	<u>\$825,477.03</u>	<u>\$13,438,791.24</u>

(1) Net of days allowed and days used.

A. Bonds Payable:

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

Bonds are authorized in accordance with State Law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are General Obligation Bonds.

Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020

NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)

A. Bonds Payable (continued):

Outstanding Bonds Payable at June 30, 2020 consisted of the following:

<u>Issue</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Principal Balance at June 30, 2020</u>
2015 Refunding Bonds	8/26/15	12,430,000.00	2.000 - 5.000%	9/01/2016	<u>\$10,145,000.00</u>

Principal and interest due on Serial Bonds Outstanding is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	770,000.00	427,900.00	1,197,900.00
2022	785,000.00	392,875.00	1,177,875.00
2023	800,000.00	353,250.00	1,153,250.00
2024	815,000.00	312,875.00	1,127,875.00
2025	835,000.00	271,625.00	1,106,625.00
2026-2030	4,410,000.00	738,987.50	5,148,987.50
2031-2032	<u>1,730,000.00</u>	<u>60,025.00</u>	<u>1,790,025.00</u>
	<u>\$10,145,000.00</u>	<u>\$2,557,537.50</u>	<u>\$12,702,537.50</u>

B. Capital Leases

The District is leasing technology equipment totaling \$430,599.97 under three capital leases.

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2020:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 60,000.00
2022	30,000.00
2023	<u>30,000.00</u>
Total Minimum Lease Payments	120,000.00
Less: Amount representing interest	<u>(8,486.69)</u>
Present Value of net minimum lease	<u>\$111,513.31</u>

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)

B. Capital Leases (continued):

Maturities of capital leases payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 55,477.03
2022	27,377.51
2023	<u>28,658.77</u>
	 <u>\$ 11,513.31</u>

NOTE 8. PENSION PLANS

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

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th 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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 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.

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

Public Employees' Retirement System (PERS)(continued)

Benefits Provided

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th 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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 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.

Defined Contribution Retirement Program

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

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

Defined Contribution Retirement Program (continued)

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

Contributions Requirements Fund Based Statements

The Board's contribution to PERS AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

<u>Year Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/20	\$185,673.00	\$4,106.45
6/30/19	176,824.00	2,600.39
6/30/18	153,441.00	3,172.88

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

<u>Year Ending</u>	<u>Pension Contributions</u>	<u>Post-Retirement Medical Contributions</u>	<u>NCGI Premium</u>	<u>LTD Liability</u>
6/30/20	\$1,674,747.00	\$632,437.00	\$30,018.00	\$1,836.00
6/30/19	1,461,648.00	676,880.00	30,596.00	2,104.00
6/30/18	1,092,311.00	722,622.00	26,508.00	2,056.00

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$588,517.01 during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2020 the District had a liability of \$3,439,423.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2019, the District's proportion was 0.0190883070 percent, which was an increase of 0.0013112770 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$183,465.00. At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 61,733.00	\$ 15,194.00
Changes of assumptions	343,439.00	1,193,813.00
Net difference between projected and actual earnings on pension plan investments		54,293.00
Changes in proportion	672,686.00	424,453.00
District contributions subsequent to the measurement date	<u>211,621.00</u>	<u> </u>
Total	<u>\$1,289,479.00</u>	<u>\$1,687,753.00</u>

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS) (continued)

The \$211,621.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (99,315.00)
2021	(322,176.00)
2022	(287,684.00)
2023	(135,082.00)
2024	(13,870.00)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$3,149,522,616	\$4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
District s Proportion	0.0190883070%	0.0177770300%

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS) (continued)

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00%

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 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 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 a 117.2% 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.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS) (continued)

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real 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%

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 participating employers as of June 30, 2019, respectively, 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 - percentage point lower or 1 - percentage-point higher than the current rate:

	<u>June 30, 2019</u>		
	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's proportionate share of the pension liability	\$4,374,774.00	\$3,439,423.00	\$2,695,347.00

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE
STATEMENTS PER - GASB NO. 68, (continued)**

Public Employees Retirement System (PERS) (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

Teachers Pensions and Annuity Fund (TPAF)

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2020 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>45,609,430.00</u>
	<u>\$45,609,430.00</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2019, the proportion of the TPAF net pension liability associated with the District was 0.0743176289%.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Teachers Pensions and Annuity Fund (TPAF) (continued)

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue of \$2,690,166.00 for contributions provided by the State in the District-Wide Financial Statements.

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:	
Through 2026	1.55-4.45% (based on years of service)
Thereafter	2.75-5.65% (based on years of service)
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with an 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 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 a 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.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Teachers Pensions 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) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real 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%

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. PENSION PLANS (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Teachers Pensions and Annuity Fund (TPAF) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.60% and 4.86% as of June 30, 2019 and 2018, respectively. 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% and 3.87% as of June 30, 2019 and 2018, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 70% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NOTE 9. POST EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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 year 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 Alternate 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.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 9. POST EMPLOYMENT BENEFITS (continued)

The State funds post-retirement 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 2018 amounts. The Fiscal Year 2020 Appropriations Act includes \$1.612 billion as the State's contribution to fund pay-as-you-go PRM costs.

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 obligator 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 No. 75.

Total OPEB Liability

The State, a nonemployer 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 LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level for the State Health Benefit Local Education Retired Employee's Plan and is not specific to the board of education/board of trustees, and could be found at <https://www.state.nj.us/treasury/pensions/GASBnotices> OPEB.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2020 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>25,485,621.00</u>
	<u>\$25,485,621.00</u>

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2019 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Total Nonemployer OPEB Liability

The total nonemployer 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%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP). "General" (PERS), and "Safety" (PFRS) 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.

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, July 1, 2014 – June 30, 2018 and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

(a) *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%.

(b) *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 Total Nonemployer OPEB Liability to Changes in the Discount Rate

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

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

For the year ended June 30, 2020, the board of education/board of trustees recognized on-behalf OPEB expense of \$830,079.00 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 No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Borough of Wanaque School District proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 10. DEFERRED COMPENSATION

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

Metlife	Financial Resource & Retirement Advisory, Inc.
The Equitable	Siracusa Benefits Program
Lincoln Financial Group	AIH Valic

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to general liability, automobile coverage; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

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

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

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$26,427.21	\$16,893.01	\$18,218.75	\$142,782.59
2018-2019	2,016.44	16,449.03	6,650.56	117,681.12
2017-2018	1,097.84	16,139.96	23,618.73	105,866.21

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 12. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Wanaque Board of Education by inclusion of \$100.00 on October 10, 2001 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). A district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfers by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$480,915.00
Interest earned	974.00
Deposit per Board Resolution	650,000.00
Capital Projects Money Returned	31,211.00
Budgeted withdrawal	<u>(389,400.00)</u>
Ending balance June 30, 2020	<u>\$773,700.00</u>

The balance in the capital reserve account at June 30, 2020 does not exceed the balance of local support costs of uncompleted capital projects in its LFRP. Withdrawals from the capital reserve, where applicable, are for use in a DOE approved facilities project, consistent with the District’s Long Range Facilities Plan.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 13. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Board of Education resolution adopted on June 23, 2009 in the amount of \$25,000.00. The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

The activity of the maintenance reserve account for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$214,500.00
Deposit per Board resolution	<u>250,000.00</u>
 Ending balance, June 30, 2020	 <u>\$464,500.00</u>

NOTE 14. INVENTORY

Inventory on the Food Service Fund at June 30, 2020 consisted of the following:

Food	\$6,353.30
Supplies	<u>1,978.77</u>
	<u>\$8,332.07</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as unearned revenue.

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with *N.J.S.A. 18A:7F-7*, as amended, 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 fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The excess fund balance at June 30, 2020 is \$928,540.00, of this amount \$528,540.00 is the result of current year's operations.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 16. FUND BALANCE APPROPRIATED

General Fund (B-1) - Of the \$2,383,629.67 General Fund fund balance at June 30, 2020, \$85,425.12 is reserved for encumbrances, \$928,540.00 is reserved as excess surplus in accordance with *N.J.S.A. 18A:7F-7*, \$400,000.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2021; \$773,700.00 has been reserved in the Capital Reserve Account, \$464,500.00 has been reserved in the Maintenance Reserve Account; and \$131,464.55 is unreserved and undesignated.

Debt Service Fund - \$1.16 is unreserved and undesignated.

NOTE 17. CONTINGENT LIABILITIES

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

Litigation – Counsel has advised us that there is no material litigation pending against the Board.

NOTE 18. SUBSEQUENT EVENT

The District has evaluated subsequent events through January 21, 2021 the date which the financial statements were available to be issued and the following item was noted for disclosure:

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Borough of Wanaque. The Board has identified several risks as a result of this pandemic, including a possible delay in collection of District taxes and cash flow shortages as the result of these delayed collections. In addition, possible increase in expenditures related to the COVID-19 pandemic that will not be reimbursed by the Federal or State governments. The Board will continue to monitor the situation closely.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	14,743,086.00	-	14,743,086.00	14,743,086.00	-
Tuition From Other LEA's Within the State	87,500.00	-	87,500.00	190,827.69	103,327.69
Tuition From Other Sources	-	-	-	61,316.00	61,316.00
Transportation Fees form Individuals	-	-	-	8,500.00	8,500.00
Interest Earned on Capital Reserve Funds	1,500.00	-	1,500.00	973.58	(526.42)
Unrestricted Miscellaneous Revenues	45,000.00	-	45,000.00	61,713.81	16,713.81
Total - Local Sources	14,877,086.00	-	14,877,086.00	15,066,417.08	189,331.08
State Sources:					
Categorical Transportation Aid	11,642.00	-	11,642.00	11,642.00	-
Categorical Special Education Aid	547,530.00	-	547,530.00	547,530.00	-
Equalization Aid	1,685,969.00	-	1,685,969.00	1,685,969.00	-
Categorical Security Aid	23,490.00	-	23,490.00	23,490.00	-
Extraordinary Aid	142,681.00	-	142,681.00	158,708.00	16,027.00
On-behalf TPAF Pension (non-budgeted)	-	-	-	1,674,747.00	1,674,747.00
On-behalf TPAF LTDI Contribution (non-budget)	-	-	-	1,836.00	1,836.00
On-behalf TPAF NCGI Premium (non-budget)	-	-	-	30,018.00	30,018.00
On-behalf TPAF Post Retirement Medical (non-budget)	-	-	-	632,437.00	632,437.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	588,517.01	588,517.01
Total State Sources	2,411,312.00	-	2,411,312.00	5,354,894.01	2,943,582.01
Federal Sources:					
Medicaid Reimbursements	30,000.00	-	30,000.00	18,393.23	(11,606.77)
Total Federal Sources	30,000.00	-	30,000.00	18,393.23	(11,606.77)
Total Revenues	17,318,398.00	-	17,318,398.00	20,439,704.32	3,121,306.32
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	65,292.00	870.00	66,162.00	66,160.15	1.85
Kindergarten - Salaries of Teachers	444,062.00	35,395.20	479,457.20	447,184.90	32,272.30
Grades 1-5 - Salaries of Teachers	2,284,294.00	(1,235.00)	2,283,059.00	2,227,093.29	55,965.71
Grades 6-8 - Salaries of Teachers	1,928,956.00	(141,207.75)	1,787,748.25	1,742,236.58	45,511.67
Regular Programs - Home Instruction:					
Salaries of Teachers	2,500.00	(2,500.00)	-	-	-
Other Purchased Services (400-500 series)	500.00	-	500.00	-	500.00
General Supplies	500.00	-	500.00	-	500.00
Regular Programs - Undistributed Instruction					
Other Purchased Services (400-500 series)	102,500.00	(1,900.00)	100,600.00	98,402.24	2,197.76
General Supplies	84,600.00	9,511.26	94,111.26	74,566.94	19,544.32
Textbooks	106,506.73	-	106,506.73	106,274.94	231.79
Other Objects	1,000.00	200.00	1,200.00	708.51	491.49
TOTAL REGULAR PROGRAMS - INSTRUCTION	5,020,710.73	(100,866.29)	4,919,844.44	4,762,627.55	157,216.89
Learning and/or Language Disabilities:					
Salaries of Teachers	356,733.00	(31,099.08)	325,633.92	325,633.92	-
Other Salaries for Instruction	132,548.00	(31,771.40)	100,776.60	97,020.04	3,756.56
General Supplies	1,400.00	-	1,400.00	1,186.08	213.92
Total Learning and/or Language Disabilities	490,681.00	(62,870.48)	427,810.52	423,840.04	3,970.48
Behavioral Disabilities:					
Salaries of Teachers	159,270.00	9,083.52	168,353.52	168,353.52	-
Other Salaries for Instruction	33,387.00	22,620.90	56,007.90	56,007.90	-
General Supplies	700.00	-	700.00	449.98	250.02
Total Behavioral Disabilities	193,357.00	31,704.42	225,061.42	224,811.40	250.02
Resource Room/Resource Center:					
Salaries of Teachers	1,430,485.00	(27,574.01)	1,402,910.99	1,378,237.56	24,673.43
Other Salaries for Instruction	296,483.00	(3,551.25)	292,931.75	292,931.75	-
General Supplies	6,300.00	(100.00)	6,200.00	4,088.44	2,111.56
Total Resource Room/Resource Center	1,733,268.00	(31,225.26)	1,702,042.74	1,675,257.75	26,784.99

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autism:					
Salaries of Teachers	268,305.00	(65,733.80)	202,571.20	201,168.50	1,402.70
Other Salaries for Instruction	99,161.00	(32,887.00)	66,274.00	66,274.00	-
General Supplies	1,050.00	1,100.00	2,150.00	2,067.98	82.02
Total Autism	368,516.00	(97,520.80)	270,995.20	269,510.48	1,484.72
Preschool Disabilities - Part-Time:					
Salaries of Teachers	151,332.00	(56,630.00)	94,702.00	89,934.35	4,767.65
Other Salaries for Instruction	97,661.00	(10,959.84)	86,701.16	73,370.75	13,330.41
General Supplies	2,700.00	-	2,700.00	2,293.26	406.74
Total Preschool Disabilities - Part-Time	251,693.00	(67,589.84)	184,103.16	165,598.36	18,504.80
Preschool Disabilities - Full-Time:					
Salaries of Teachers	-	113,260.00	113,260.00	113,260.00	-
Other Salaries for Instruction	-	54,314.16	54,314.16	54,314.16	-
Total Preschool Disabilities - Full-Time	-	167,574.16	167,574.16	167,574.16	-
Home Instruction:					
Salaries of Teachers	12,500.00	1,147.60	13,647.60	13,647.60	-
Other Purchased Services (400-500 series)	250.00	(250.00)	-	-	-
Total Home Instruction:	12,750.00	897.60	13,647.60	13,647.60	-
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,050,265.00	(59,030.20)	2,991,234.80	2,940,239.79	50,995.01
Basic Skills/Remedial - Instruction					
Salaries of Teachers	252,138.00	103,967.00	356,105.00	356,105.00	-
General Supplies	1,400.00	188.74	1,588.74	1,477.13	111.61
Total Basic Skills/Remedial - Instruction	253,538.00	104,155.74	357,693.74	357,582.13	111.61
Bilingual Education - Instruction					
Salaries of Teachers	78,235.00	-	78,235.00	75,385.00	2,850.00
General Supplies	350.00	-	350.00	346.42	3.58
Total Bilingual Education - Instruction	78,585.00	-	78,585.00	75,731.42	2,853.58
School-Spon. Co/Extra Curr. Actvts. - Inst					
Salaries	70,035.00	31,203.46	101,238.46	98,941.59	2,296.87
Purchased Services (300-500 Series)	1,032.00	-	1,032.00	-	1,032.00
Supplies and Materials	500.00	(500.00)	-	-	-
Total School-Spon. Co/Extra Curr. Actvts. - Inst	71,567.00	30,703.46	102,270.46	98,941.59	3,328.87
Before/After School Program - Instruction:					
Salaries of Teachers	44,600.00	(6,203.46)	38,396.54	999.00	37,397.54
Total Before/After School Program - Instruction:	44,600.00	(6,203.46)	38,396.54	999.00	37,397.54
Summer School - Instruction					
Salaries of Teachers	57,780.00	-	57,780.00	53,095.50	4,684.50
Other Salaries of Instruction	20,250.00	-	20,250.00	18,508.50	1,741.50
Total Summer School - Instruction	78,030.00	-	78,030.00	71,604.00	6,426.00
Summer School - Support Svcs					
Purchased Professional and Technical Services	4,471.00	-	4,471.00	4,471.00	-
Total Summer School - Support Svcs	4,471.00	-	4,471.00	4,471.00	-
Total Instruction	8,601,766.73	(31,240.75)	8,570,525.98	8,312,196.48	258,329.50
Undistributed Expenditures - Instruction (Tuition)					
Tuition to Other LEAS Within the State - Regular	25,600.00	46,987.49	72,587.49	48,681.46	23,906.03
Tuition to Other LEAS Within the State - Special	84,394.00	(23,987.49)	60,406.51	60,406.51	-
Tuition to Priv.Sch. For the Disabled W/I State	574,834.00	(28,000.00)	546,834.00	323,252.41	223,581.59
Total Undistributed Expenditures - Instruction (Tuition)	684,828.00	(5,000.00)	679,828.00	432,340.38	247,487.62
Undistributed Expend. - Attend. & Social Work					
Salaries	13,936.00	-	13,936.00	13,936.00	-
Total Undistributed Expend. - Attend. & Social Work	13,936.00	-	13,936.00	13,936.00	-
Undist. Expenditures - Health Services					
Salaries	128,265.00	83.62	128,348.62	128,181.62	167.00
Purchased Professional and Technical Services	700.00	(165.00)	535.00	170.00	365.00
Supplies and Materials	6,000.00	81.38	6,081.38	5,889.92	191.46
Total Undist. Expenditures - Health Services	134,965.00	-	134,965.00	134,241.54	723.46

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Speech, OT, PT and Related Svcs					
Salaries	213,250.00	39,000.00	252,250.00	249,666.80	2,583.20
Purchased Professional - Educational Services	180,000.00	(39,890.61)	140,109.39	119,615.90	20,493.49
Supplies and Materials	1,950.00	-	1,950.00	1,654.21	295.79
Total Undist. Expend.-Speech, OT, PT and Related Svcs	395,200.00	(890.61)	394,309.39	370,936.91	23,372.48
Undist Expend-Oth Supp Serv Std-Extra Serv					
Salaries	7,000.00	2,500.00	9,500.00	9,168.50	331.50
Purchased Professional - Educational Services	230,000.00	-	230,000.00	118,574.93	111,425.07
Total Undist Expend-Oth Supp Serv Std-Extra Serv	237,000.00	2,500.00	239,500.00	127,743.43	111,756.57
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	159,460.00	8,252.75	167,712.75	167,712.75	-
Supplies and Materials	1,600.00	-	1,600.00	1,086.32	513.68
Other Objects	4,500.00	-	4,500.00	4,173.40	326.60
Total Undist. Expenditures - Guidance	165,560.00	8,252.75	173,812.75	172,972.47	840.28
Undist. Expenditures - Child Study Teams					
Salaries of Other Professional Staff	345,432.00	-	345,432.00	345,432.00	-
Salaries of Secretarial and Clerical Assistants	44,955.00	-	44,955.00	42,073.16	2,881.84
Purchased Professional - Educational Services	105,300.00	525.00	105,825.00	103,200.40	2,624.60
Misc Pur Serv (400-500 series O/than Resid Costs)	1,000.00	(292.43)	707.57	702.55	5.02
Supplies and Materials	7,593.25	(90.66)	7,502.59	7,115.29	387.30
Other Objects	550.00	248.70	798.70	795.00	3.70
Total Undist. Expenditures - Child Study Teams	504,830.25	390.61	505,220.86	499,318.40	5,902.46
Undist. Expend.-Improv. Of Inst. Serv.					
Sal of Supervisor of Instruction	122,400.00	-	122,400.00	122,400.00	-
Sal of Secr and Clerical Assist.	45,900.00	-	45,900.00	45,900.00	-
Purchased Prof- Educational Services	55,720.00	-	55,720.00	50,400.00	5,320.00
Other Purch Services (400-500)	3,500.00	100.00	3,600.00	3,431.45	168.55
Supplies and Materials	2,000.00	(100.00)	1,900.00	798.44	1,101.56
Total Undist. Expend.-Improv. Of Inst. Serv	229,520.00	-	229,520.00	222,929.89	6,590.11
Undist. Expend.-Edu. Media Serv./Library					
Salaries	83,268.00	28,988.00	112,256.00	112,256.00	-
Other Purchased Services (400-500 Series)	1,000.00	(1,000.00)	-	-	-
Supplies and Materials	8,000.00	1,000.00	9,000.00	8,556.89	443.11
Total Undist. Expend.-Edu. Media Serv./Library	92,268.00	28,988.00	121,256.00	120,812.89	443.11
Undist. Expend.-Instr. Staff Training Serv.					
Other Purchased Services (400-500 series)	21,000.00	-	21,000.00	12,570.46	8,429.54
Total Undist. Expend.-Instr. Staff Training Serv.	21,000.00	-	21,000.00	12,570.46	8,429.54
Undist. Expend.-Support Serv.-Gen. Admin.					
Salaries	244,846.00	(20,000.00)	224,846.00	215,042.71	9,803.29
Legal Services	40,000.00	49,000.00	89,000.00	68,038.55	20,961.45
Audit Fees	42,050.00	-	42,050.00	20,800.00	21,250.00
Architectural/Engineering Services	19,000.00	(16,000.00)	3,000.00	454.60	2,545.40
Other Purchased Professional Services	11,500.00	(951.32)	10,548.68	7,548.68	3,000.00
Communications/Telephone	51,750.00	6,951.32	58,701.32	56,802.20	1,899.12
BOE Other Purchased Services	3,000.00	-	3,000.00	765.00	2,235.00
Misc. Purch Serv (400-500)[Other than 530 & 585]	54,800.00	-	54,800.00	45,190.40	9,609.60
General Supplies	8,500.00	-	8,500.00	1,334.04	7,165.96
Miscellaneous Expenditures	4,000.00	-	4,000.00	3,839.76	160.24
BOE Membership Dues and Fees	10,000.00	-	10,000.00	8,169.05	1,830.95
Total Undist. Expend.-Support Serv.-Gen. Admin.	489,446.00	19,000.00	508,446.00	427,984.99	80,461.01
Undist. Expend.-Support Serv.-School Admin.					
Salaries of Principals/Asst. Principals/Prog Dir	331,900.00	-	331,900.00	331,829.72	70.28
Salaries of Secretarial and Clerical Assistants	111,542.00	-	111,542.00	97,164.86	14,377.14
Other Purchased Services (400-500 series)	10,150.00	(200.00)	9,950.00	9,144.10	805.90
Supplies and Materials	8,000.00	(2,000.00)	6,000.00	5,188.93	811.07
Other Objects	6,000.00	2,200.00	8,200.00	7,805.00	395.00
Total Undist. Expend.-Support Serv.-School Admin.	467,592.00	-	467,592.00	451,132.61	16,459.39

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	309,166.00	-	309,166.00	308,806.37	359.63
Purchased Technical Services	31,000.00	3,434.84	34,434.84	34,431.25	3.59
Misc. Purchased Services (400-500)[O/T 594]	6,000.00	(2,903.02)	3,096.98	3,085.40	11.58
Supplies and Materials	1,600.00	1,328.18	2,928.18	2,928.18	-
Miscellaneous Expenditures	4,000.00	(1,585.00)	2,415.00	2,407.65	7.35
Total Undist. Expend. - Central Services:	351,766.00	275.00	352,041.00	351,658.85	382.15
Undist. Expend.- Admin. Info Technology					
Purchased Professional Services	117,300.00	-	117,300.00	117,300.00	-
Purchased Technical Services	25,500.00	(3,275.00)	22,225.00	21,307.60	917.40
Other Purchased Services (400-500 series)	88,310.00	30,750.00	119,060.00	118,566.53	493.47
Supplies and Materials	17,000.00	2,250.00	19,250.00	18,971.84	278.16
Total Undist. Expend.- Admin. Info Technology	248,110.00	29,725.00	277,835.00	276,145.97	1,689.03
Undist. Expend.-Required Maint for Sch Fac.					
Salaries	140,650.00	(22,004.65)	118,645.35	118,395.35	250.00
Cleaning, Repair and Maintenance Services	108,750.00	12,993.00	121,743.00	121,676.91	66.09
Travel	250.00	-	250.00		250.00
General Supplies	25,000.00	(4,100.00)	20,900.00	20,187.55	712.45
Other Objects	3,425.00	1,407.00	4,832.00	4,361.06	470.94
Total Undist. Expend.-Required Maint for Sch Fac.	278,075.00	(11,704.65)	266,370.35	264,620.87	1,749.48
Undist. Expend. - Custodial Services					
Salaries	1,500.00	-	1,500.00	270.00	1,230.00
Salaries of Non-Instructional Aides	97,206.00	(5,713.47)	91,492.53	91,492.53	-
Cleaning, Repair and Maintenance Services	557,000.00	(1,420.54)	555,579.46	555,009.50	569.96
Other Purchased Property Services	12,000.00	5,069.04	17,069.04	17,069.04	-
Insurance	70,000.00	4,008.62	74,008.62	74,008.62	-
Miscellaneous Purchased Services	14,000.00	(1,239.00)	12,761.00	12,661.00	100.00
General Supplies	30,000.00	31,500.00	61,500.00	46,012.11	15,487.89
Energy (Natural Gas)	65,000.00	(7,000.00)	58,000.00	46,987.00	11,013.00
Energy (Electricity)	130,000.00	-	130,000.00	103,852.66	26,147.34
Other objects	500.00	-	500.00		500.00
Total Undist. Expend. - Custodial Services	977,206.00	25,204.65	1,002,410.65	947,362.46	55,048.19
Undist Expend.-Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	11,300.00	15,776.43	27,076.43	25,345.35	1,731.08
General Supplies	6,776.43	(2,276.43)	4,500.00	3,541.90	958.10
Total Undist Expend.-Care and Upkeep of Grounds	18,076.43	13,500.00	31,576.43	28,887.25	2,689.18
Security					
Purchased Professional and Technical Services	4,500.00	(2,000.00)	2,500.00	1,485.97	1,014.03
General Supplies	2,000.00	-	2,000.00	111.80	1,888.20
Total Security	6,500.00	(2,000.00)	4,500.00	1,597.77	2,902.23
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	1,279,857.43	25,000.00	1,304,857.43	1,242,468.35	62,389.08
Undist. Expend. - Student Transportation Serv.					
Management Fee - ESC & CTSA Trans. Program	21,000.00	2,000.00	23,000.00	21,552.30	1,447.70
Contract. Serv. - Aid in Lieu Pymts-NonPub Sch	65,000.00	(23,500.00)	41,500.00	26,146.00	15,354.00
Contracted Services - (Bet. Home and Sch) - Vendors	6,000.00	-	6,000.00	4,091.00	1,909.00
Contr Serv(Bet. Home & Sch)-Joint Agrmnts	25,000.00	(11,000.00)	14,000.00	13,760.08	239.92
Contract. Serv.(Reg. Students)-ESCs & CTSA	72,000.00	30,000.00	102,000.00	91,458.77	10,541.23
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	575,000.00	7,500.00	582,500.00	522,686.19	59,813.81
Total Undist. Expend. - Student Transportation Serv.	764,000.00	5,000.00	769,000.00	679,694.34	89,305.66
UNALLOCATED BENEFITS					
Group Insurance	6,000.00	-	6,000.00	3,184.54	2,815.46
Social Security Contributions	165,000.00	12,107.68	177,107.68	177,107.68	-
T.P.A.F. Contributions - ERIP	20,000.00	2,000.00	22,000.00	11,062.34	10,937.66
Other Retirement Contributions - PERS	195,000.00	(7,000.00)	188,000.00	187,823.00	177.00
Other Retirement Contributions - Regular	3,500.00	2,098.94	5,598.94	5,543.52	55.42
Unemployment Compensation	75,000.00	(50,000.00)	25,000.00	25,000.00	-
Workmen's Compensation	73,000.00	7,255.31	80,255.31	80,255.31	-
Health Benefits	2,442,769.00	(47,206.62)	2,395,562.38	2,225,947.76	169,614.62
Tuition Reimbursement	37,500.00	(82.50)	37,417.50	36,295.98	1,121.52
Other Employee Benefits	2,000.00	2,000.00	4,000.00	3,361.20	638.80
Unused Sick Payment to Terminated/Retired Staff	14,000.00	(3,172.81)	10,827.19	7,000.00	3,827.19
TOTAL UNALLOCATED BENEFITS	3,033,769.00	(82,000.00)	2,951,769.00	2,762,581.33	189,187.67

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf TPAF Pension (non-budgeted)				1,674,747.00	(1,674,747.00)
On-behalf TPAF LTDI Contribution (non-budget)				1,836.00	(1,836.00)
On-behalf TPAF NCGI Premium (non-budget)				30,018.00	(30,018.00)
On-behalf TPAF Post Retirement Medical (non-budget)				632,437.00	(632,437.00)
TPAF Social Security (Reimbursed - Non-Budgeted)				588,517.01	(588,517.01)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,927,555.01</u>	<u>(2,927,555.01)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>3,033,769.00</u>	<u>(82,000.00)</u>	<u>2,951,769.00</u>	<u>5,690,136.34</u>	<u>(2,738,367.34)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>9,113,647.68</u>	<u>31,240.75</u>	<u>9,144,888.43</u>	<u>11,227,023.82</u>	<u>(2,082,135.39)</u>
TOTAL EXPENDITURES	<u>17,715,414.41</u>	<u>0.00</u>	<u>17,715,414.41</u>	<u>19,539,220.30</u>	<u>(1,823,805.89)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(397,016.41)</u>	<u>(0.00)</u>	<u>(397,016.41)</u>	<u>900,484.02</u>	<u>1,297,500.43</u>
Other Financing Sources (uses):					
Operating Transfers:					
Transfer from Cafeterial Account	25,000.00		25,000.00		(25,000.00)
Capital Reserve - Transfer to Capital Projects	(389,400.00)		(389,400.00)	(389,400.00)	-
Capital Projects - Transfer to Capital Reserve				31,211.05	31,211.05
Total Other Financing Sources (uses):	<u>(364,400.00)</u>	<u>-</u>	<u>(364,400.00)</u>	<u>(358,188.95)</u>	<u>6,211.05</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(761,416.41)</u>	<u>(0.00)</u>	<u>(761,416.41)</u>	<u>542,295.07</u>	<u>1,303,711.48</u>
Fund Balance, July 1	<u>2,065,917.60</u>		<u>2,065,917.60</u>	<u>2,065,917.60</u>	
Fund Balance, June 30	<u>1,304,501.19</u>	<u>(0.00)</u>	<u>1,304,501.19</u>	<u>2,608,212.67</u>	<u>1,303,711.48</u>
Recapitulation of excess (deficiency) of revenues under expenditures:					
Adjustment for prior year encumbrances	(31,976.41)		(31,976.41)	(31,976.41)	-
Budgeted fund balance	(341,540.00)		(341,540.00)	62,697.90	404,237.90
Increase in Capital Reserve:					
Interest	1,500.00		1,500.00	973.58	(526.42)
Principal				650,000.00	650,000.00
Increase in Maintenance Reserve					
Principal				250,000.00	250,000.00
Budgeted Withdrawal from Capital Reserve Account	(389,400.00)		(389,400.00)	(389,400.00)	
	<u>(761,416.41)</u>	<u>-</u>	<u>(761,416.41)</u>	<u>542,295.07</u>	<u>1,303,711.48</u>
Recapitulation:					
Assigned Fund Balance:					
Year End Encumbrances				85,425.12	
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				400,000.00	
Excess Surplus				528,540.00	
Capital Reserve				773,700.00	
Maintenance Reserve				464,500.00	
Unassigned Fund Balance				<u>356,047.55</u>	
				<u>2,608,212.67</u>	
Reconciliation to Government Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(224,583.00)	
Fund Balance per Governmental Funds (GAAP)				<u>2,383,629.67</u>	

Exhibit C-2

WANAQUE BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	45,000.00	9,000.00	54,000.00	43,491.75	(10,508.25)
Federal Sources	372,360.00	38,305.00	410,665.00	406,669.00	(3,996.00)
Total Revenues	417,360.00	47,305.00	464,665.00	450,160.75	(14,504.25)
EXPENDITURES:					
Instruction					
Salaries of Teachers	117,900.00	1,742.15	119,642.15	114,520.20	5,121.95
Purchased Services	2,700.00	(2,700.00)			-
Other Purchased Services	218,081.00	23,801.00	241,882.00	241,882.00	-
Instructional Supplies	15,300.00	(6,796.15)	8,503.85	8,503.85	-
Total Instruction	353,981.00	16,047.00	370,028.00	364,906.05	5,121.95
Support Services					
Personal Services - Salaries	4,698.00	3,996.00	8,694.00	4,698.00	3,996.00
Employee Benefits	25,389.00	3,453.41	28,842.41	28,842.41	-
Professional Technical Services	25,650.00	14,589.80	40,239.80	40,239.80	-
Other Purchased Services	7,180.00	(346.41)	6,833.59	6,833.59	-
Supplies and Materials	462.00	9,565.20	10,027.20	4,640.90	5,386.30
Total Support Services	63,379.00	31,258.00	94,637.00	85,254.70	9,382.30
Total Expenditures	417,360.00	47,305.00	464,665.00	450,160.75	14,504.25
Total Outflows	417,360.00	47,305.00	464,665.00	450,160.75	14,504.25
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

**WANAQUE BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Note A - Explanation of difference between budgetary inflows and outflows and GAAP revenues and expenditures.

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2]	20,439,704.32	450,160.75
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add: Prior Year Encumbrances			1,428.00
Less: Current Year Encumbrances			-
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 expense (GASB 33).			
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(224,583.00)	
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		240,571.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - government funds.	[B-2]	20,455,692.32	451,588.75
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	19,539,220.30	450,160.75
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.			
Add: Prior Year Encumbrances			1,428.00
Less: Current Year Encumbrances			-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - government funds.	[B-2]	19,539,220.30	451,588.75

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

WANAQUE BOROUGH SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	District's Proportion Share of the Net Pension Liability (Asset)		District's Proportion Share of the Net Pension Liability (Asset)		District's Covered Payroll -PERS Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll		Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.0189094769%	\$	3,540,371	\$	1,287,461	274.99%	52.08%	
2016	0.0155369383%		3,487,731		1,044,171	334.02%	47.93%	
2017	0.0200370173%		5,934,390		1,193,795	497.10%	40.14%	
2018	0.0165632692%		3,855,664		1,287,058	299.57%	48.10%	
2019	0.0177770300%		3,500,208		1,358,262	257.70%	53.60%	
2020	0.0190883070%		3,439,423		1,373,115	250.48%	56.27%	

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

WANAQUE BOROUGH SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	Contractually Required Contribution		Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's PERS Covered-Employee Payroll	Contributions as a Percentage of PERS Covered-Employee Payroll
	Contractually Required Contribution	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)			
2015	155,887	155,887	\$	-	\$1,287,461	12.11%	
2016	133,576	133,576	-	-	1,044,171	12.79%	
2017	178,006	178,006	-	-	1,193,795	14.91%	
2018	153,441	153,441	-	-	1,287,058	11.92%	
2019	176,824	176,824	-	-	1,358,262	13.02%	
2020	185,673	185,673	-	-	1,373,115	13.52%	

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

WANAQUE BOROUGH SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	District's	District's	State's	District's	District's	Plan Fiduciary
	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability Associated with the District (Asset)	Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	District's Covered Payroll -TPAF Employee's	Net Position as a percentage of the total Pension Liability
2015	0.0784736110%	\$ -	\$ 41,941,591	0.00%	\$ 8,888,153	33.64%
2016	0.0782494192%	-	49,749,310	0.00%	8,945,080	28.71%
2017	0.0755364828%	-	59,421,807	0.00%	9,151,255	22.23%
2018	0.0736874274%	-	49,682,721	0.00%	9,483,587	25.41%
2019	0.0741733512%	-	47,187,493	0.00%	8,274,524	26.49%
2020	0.0743176289%	-	45,609,430	0.00%	8,127,374	26.95%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

WANAQUE BOROUGH SCHOOL DISTRICT
Note to Required Schedules of Supplementary Information - Part III
For the fiscal year ended June 30, 2020

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.87%) to the current measurement date (3.50%), resulting in a change in the discount rate from 5.66% to 6.28%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.87%) to the current measurement date (3.50%), resulting in a change in the discount rate from 4.86% to 5.60%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

WANAQUE BOROUGH SCHOOL DISTRICT
Schedule of Required Supplementary Information
Schedule of Changes in the District's Proportionate Share of the State OPEB Liability
Last 10 Fiscal Years*

	2020	2019	2018
Total OPEB Liability			
Service Costs	\$ 1,152,137	\$ 1,320,367	\$ 1,592,847
Interest on Total OPEB Liability	1,083,624	1,177,724	1,012,087
Difference Between Expected and Actual Experiences	(3,595,437)	(3,371,963)	
Changes in Assumptions	379,993	(3,124,141)	(4,240,031)
Gross Benefit Payments	(782,333.00)	(727,972.00)	(739,457.00)
Contribution from the Member	23,191	25,160	27,229
Net Changes in total Share of OPEB Liability	(1,738,825)	(4,700,825)	(2,347,325)
Total OPEB Liability - Beginning	27,224,446	31,925,271	34,272,596
Total OPEB Liability - Ending	\$ 25,485,621	\$ 27,224,446	\$ 31,925,271
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	25,485,621	27,224,446	31,925,271
Total OPEB Liability - Ending	\$ 25,485,621	\$ 27,224,446	\$ 31,925,271
District's Covered Employee Payroll	\$ 9,500,489	\$ 9,632,786	\$ 9,484,840
Districts' Proportionate Share of the			
Total OPEB Liability as a Percentage of its	0%	0%	0%
Covered Payroll			

Notes to Schedule:

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

Change in benefit terms None

Change in assumptions Assumptions used in calculating the OPEB liability are presented in Note 8.

* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Supplementary Schedules

SPECIAL REVENUE FUND

**WANAQUE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Title I Part - A	Title II Part - A	Title IV Student	Totals 2020
REVENUES:	Improving Basic Program	Principal Training & Recruiting	Support and Academic Enrichment	
Federal sources	111,572.00	41,267.00	500.00	406,669.00
Local sources	43,491.75			43,491.75
Total Revenues	111,572.00	41,267.00	500.00	450,160.75
EXPENDITURES:				
Instruction:				
Salaries of Teachers	82,646.00			114,520.20
Other Purchased Services				241,882.00
Instructional Supplies	8,003.85		500.00	8,503.85
Total instruction	82,646.00	-	500.00	364,906.05
Support Services:				
Personal Services - Salaries				4,698.00
Employee Benefits	28,842.41			28,842.41
Professional Technical Services		40,239.80		40,239.80
Other purchased services	83.59			6,833.59
Supplies and Materials		1,027.20		4,640.90
Total support services	28,926.00	41,267.00	-	85,254.70
Total Expenditures	111,572.00	41,267.00	500.00	450,160.75
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-

**WANAQUE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	I.D.E.A. Part B		NJ Tiered System of Supports - Early Reading	NJ Schools Insurance Group Safety Grant	McKinney Vento Grant	Total Carried Forward To (Ex. E-1)
	Basic	Preschool				
REVENUES:						
Federal sources	228,183.00	13,699.00	11,448.00			253,330.00
Local sources				3,613.70	39,878.05	43,491.75
Total Revenues	228,183.00	13,699.00	11,448.00	3,613.70	39,878.05	296,821.75
EXPENDITURES:						
Instruction:						
Salaries of Teachers					31,874.20	31,874.20
Other Purchased Services	228,183.00	13,699.00				241,882.00
Instructional Supplies					8,003.85	8,003.85
Total instruction	228,183.00	13,699.00	-	-	39,878.05	281,760.05
Support Services:						
Personal Services - Salaries			4,698.00			4,698.00
Employee Benefits						-
Professional Technical Services						-
Other purchased services			6,750.00			6,750.00
Supplies and Materials				3,613.70		3,613.70
Total support services	-	-	11,448.00	3,613.70	-	15,061.70
Total Expenditures	228,183.00	13,699.00	11,448.00	3,613.70	39,878.05	296,821.75
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

CAPITAL PROJECTS FUND

**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Revenue and Other Financing Sources

Transfer from Capital Reserve	\$ 389,400.00
-------------------------------	---------------

Expenditures and Other Financing Uses:

Purchased professional and technical services	\$ 34,914.92
Construction Services	330,965.08
Total Expenditures	365,880.00

Excess (deficiency) of revenue over (under) expenditures	23,520.00
--	-----------

Other Financing Sources/(Uses)

Operating Transfer Out:

Cancelled to Capital Reserve	(31,211.05)
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Total Other Financing Sources/(Uses):	(31,211.05)
--	--------------------

Fund balance - beginning	31,211.05
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Fund balance - ending	23,520.00
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**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
HASKELL ELEMENTARY - ROOF SECTIONS B,D,E,F,G
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources			
Transfer From Capital Reserve	389,400.00	389,400.00	389,400.00
Expenditures and Other Financing Uses			
Purchase professional and technical services	34,914.92	34,914.92	35,000.00
Constructions services	330,965.08	330,965.08	354,400.00
Total expenditures	365,880.00	365,880.00	389,400.00
 Excess (deficiency) or revenues over (under) expenditures	 \$ 23,520.00	 \$ 23,520.00	 \$ -
 Additional project information:			
Original Authorized Cost	389,400.00		
Adjusted Authorized Cost	-		
Revised Authorized Cost	389,400.00		
 Percentage Increase / (Decrease) in Original Authorized Cost	0.00%		
Percentage completion	93.96%		
Est. Original target completion date	6/30/2020		
Est. Revised target completion date	6/30/2020		

**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
WANAQUE ELEMENTARY ROOF SECTIONS C AND E
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	450,000.00		450,000.00	450,000.00
Expenditures and Other Financing Uses				
Purchase professional and technical services	30,788.95		30,788.95	42,000.00
Constructions services	388,000.00		388,000.00	408,000.00
Total expenditures	418,788.95	-	418,788.95	450,000.00
Transferred to Capital Reserve		31,211.05	31,211.05	
Excess (deficiency) or revenues over (under) expenditures	\$ 31,211.05	\$ (31,211.05)	\$ -	\$ -
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Original Authorized Cost	450,000.00			
Additional Authorized Cost				
Revised Authorized Cost	450,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	100.00%			
Est. Original target completion date	8/31/2018			
Est. Revised target completion date	8/31/2018			

WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PROJECT DESCRIPTION	STATE PLAN NUMBER	APPROPRIATION	EXPENDITURES		CANCELLED TO CAPITAL RESERVE	UNEXPENDED BALANCE
			PRIOR YEARS	CURRENT YEAR		
Wanaque Elementary Roof - Sections C & E	N/A	450,000.00	418,788.95		31,211.05	-
Wanaque Elementary Roof - Sections B,D,E,F,G	N/A	389,400.00		365,880.00		23,520.00
		<u>\$ 839,400.00</u>	<u>\$ 418,788.95</u>	<u>\$ 365,880.00</u>	<u>\$ 31,211.05</u>	<u>\$ 23,520.00</u>

PROPRIETARY FUNDS

**WANAQUE BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICES
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	88,784.10
Accounts receivable:	
State	66.28
Federal	6,693.20
Inventories	<u>8,332.07</u>
Total current assets	<u>103,875.65</u>
FIXED ASSETS:	
Equipment	139,611.31
Less: accumulated depreciation	<u>(76,145.00)</u>
Total fixed assets	<u>63,466.31</u>
TOTAL ASSETS	<u><u>167,341.96</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:	
Accounts payable	25,209.78
Prepaid Sales	<u>9,587.26</u>
Total Current Liabilities	<u>34,797.04</u>
NET POSITION	
Invested in Capital Assets Net of Related Debt	63,466.31
Unrestricted	<u>69,078.61</u>
Total Net Position	<u>132,544.92</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>167,341.96</u></u>

**WANAQUE BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICES
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

OPERATING REVENUES:

Charges for services:

Daily sales reimbursable programs	111,929.20
Daily sales non- reimbursable programs	36,676.00
Special functions/Miscellaneous	51.00

Total operating revenues	<u>148,656.20</u>
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OPERATING EXPENSES:

Salaries	7,527.78
Cost of sales reimbursable	34,876.64
Cost of sales- non-reimbursable	
Fixed Price Contract with Food Service Company	(1) 225,572.48
Employee benefits	1,098.54
Liability Insurance	781.48
Supplies and materials	6,524.63
Purchased Services	3,798.63
Management Fees	6,930.00
Depreciation	7,429.00
Repairs	4,315.48
Miscellaneous	1,047.68

Total operating expenses	<u>299,902.34</u>
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OPERATING INCOME (LOSS)	<u>(151,246.14)</u>
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NON-OPERATING REVENUES (EXPENSES):

State sources:

State school lunch program	2,627.83
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Federal sources:

National school lunch program	78,840.49
National school breakfast program	20,837.05
Special Milk Program	148.45
Food distribution program	22,949.87
Interest	1,332.40

Total non-operating revenues (expenses)	<u>126,736.09</u>
---	-------------------

Net Income (Loss) Before Operating Transfers	(24,510.05)
--	-------------

Total Net Position - Beginning of Year	<u>157,054.97</u>
--	-------------------

Total Net Position - Ending	<u><u>132,544.92</u></u>
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**WANAQUE BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICES
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

CASH FLOWS USED BY OPERATING ACTIVITIES:	
Cash receipts from customers	158,243.46
Payments to employees for services	(7,527.78)
Payments to suppliers for goods and services	<u>(280,235.17)</u>
Net cash provided by (used for) operating activities	<u>(129,519.49)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State Sources	2,838.62
Federal Sources	<u>123,870.28</u>
Net cash used by noncapital financing activities	<u>126,708.90</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of equipment	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Interest on cash equivalents	<u>1,332.40</u>
Net cash provided by (used for) investing activities	<u>1,332.40</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,478.19)
CASH AND CASH EQUIVALENTS, July 1	<u>90,262.29</u>
CASH AND CASH EQUIVALENTS, June 30	<u><u>88,784.10</u></u>
Reconciliation of operating (loss) to net cash provided (for) by operating activities:	
Operating Income (loss)	<u>(151,246.14)</u>
Adjustments to reconcile operating (loss) to net cash provided (for) for operating activities:	
Depreciation	7,429.00
Changes in assets and liabilities:	
(Increase)/decrease in inventory	(6,526.21)
Increase/(decrease) in accounts payable	<u>11,236.60</u>
Total adjustments	<u>21,726.65</u>
Net cash provided by (used for) operating activities	<u><u>(129,519.49)</u></u>

FIDUCIARY FUND

WANAQUE BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Agency Funds		Expendable Trust Fund		Totals
	Student Activity	Payroll	Unemployment Compensation	Insurance	
ASSETS:					
Cash and cash equivalents	115,010.81	103,210.49	137,696.51		355,917.81
Interfund Receivable - Payroll Agency Account			5,086.08		5,086.08
Total Assets	<u>115,010.81</u>	<u>103,210.49</u>	<u>142,782.59</u>		<u>361,003.89</u>

LIABILITIES AND NET POSITION

LIABILITIES:					
Payroll Deductions		96,407.10			96,407.10
Due to student groups	115,010.81				115,010.81
Due to Unemployment Compensation Trust		5,086.08			5,086.08
Interfund Payable - General Fund		1,717.31			1,717.31
Total liabilities	<u>115,010.81</u>	<u>103,210.49</u>	<u>-</u>		<u>218,221.30</u>
NET POSITION					
Held in Trust for Unemployment Claims and other Purposes			142,782.59		142,782.59
Total Net Position			<u>142,782.59</u>		<u>142,782.59</u>

**WANAQUE BOROUGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2020**

	<u>Unemployment Compensation Insurance Trust</u>
ADDITIONS	
Contributions:	
Plan Member	41,893.01
Total Contributions	<u>41,893.01</u>
 Investment Earnings:	
Interest	1,427.21
Net Investment Earnings	<u>1,427.21</u>
Total Additions	<u>43,320.22</u>
 DEDUCTIONS	
Unemployment claims	18,218.75
Total Deductions	<u>18,218.75</u>
Change in Net Position	<u>25,101.47</u>
Net Position - Beginning of the Year	<u>117,681.12</u>
Net Position - End of the Year	<u><u>142,782.59</u></u>

**WANAQUE BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Balance July 30, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Wanaque School	30,402.23	70,610.01	40,539.72	60,472.52
Haskell School	42,365.02	37,768.98	25,609.04	54,524.96
Wanaque School Petty Cash	0.44	1,233.68	1,224.41	9.71
Haskell School Petty Cash	0.52	338.62	335.52	3.62
	<u>72,768.21</u>	<u>109,951.29</u>	<u>67,708.69</u>	<u>115,010.81</u>
Total all schools	<u>72,768.21</u>	<u>109,951.29</u>	<u>67,708.69</u>	<u>115,010.81</u>

**WANAQUE BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Balance July 30, 2019	Additions	Deletions	Balance June 30, 2020
Payroll deductions and withholdings	33,770.76	11,583,545.61	11,520,909.27	96,407.10
Interfund Payable - Unemployment Account	-	5,086.08		5,086.08
Interfund Payable - General Fund	3,924.56	1,717.31	3,924.56	1,717.31
TOTAL LIABILITIES	37,695.32	11,590,349.00	11,524,833.83	103,210.49

LONG-TERM DEBT

**WANAQUE BOROUGH SCHOOL DISTRICT
GENERAL LONG TERM DEBT ACCOUNT GROUP
STATEMENT OF BONDS PAYABLE
AS OF JUNE 30, 2020**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2019	Retired	Balance June 30, 2020
			Date	Amount				
2015 Refunding Bonds	08/05/14	12,430,000.00	9/1/2020	770,000.00	4.000%	10,910,000.00	765,000.00	10,145,000.00
			9/1/2021	785,000.00	4.000%			
			9/1/2022	800,000.00	5.000%			
			9/1/2023	815,000.00	5.000%			
			9/1/2024	835,000.00	5.000%			
			9/1/2025	850,000.00	5.000%			
			9/1/2026	875,000.00	5.000%			
			9/1/2027	890,000.00	5.000%			
			9/1/2028	905,000.00	3.250%			
			9/1/2029	890,000.00	3.375%			
			9/1/2030	880,000.00	3.500%			
9/1/2031	850,000.00	3.500%						
						<u>10,910,000.00</u>	<u>765,000.00</u>	<u>10,145,000.00</u>

WANAQUE BOROUGH SCHOOL DISTRICT
GENERAL LONG TERM DEBT ACCOUNT GROUP
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2020

Purpose	Date of Lease	Term of Lease	Amount of Original Issue	Balance July 1, 2019	Retired		Balance June 30, 2020
					Current Year	Year	
Technology Equipment	01/15/2016	5 Years	150,000.00	30,925.46	30,925.46	-	-
Technology Equipment	06/21/2016	5 Years	143,385.90	57,985.77	28,662.27	29,323.50	29,323.50
Technology Equipment	07/15/18	4 Years	137,174.07	107,174.07	24,984.26	82,189.81	82,189.81
			<u>430,559.97</u>	<u>196,085.30</u>	<u>84,571.99</u>	<u>111,513.31</u>	<u>111,513.31</u>

**WANAQUE BOROUGH SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	807,576.00		807,576.00	807,576.00	-
Total revenues - local sources	807,576.00	-	807,576.00	807,576.00	-
State sources:					
Debt service aid type II	416,024.00		416,024.00	416,024.00	-
Total state sources	416,024.00	-	416,024.00	416,024.00	-
TOTAL REVENUES	1,223,600.00	-	1,223,600.00	1,223,600.00	-
EXPENDITURES					
Regular debt service:					
Interest	458,600.00		458,600.00	458,600.00	-
Redemption of principal	765,000.00		765,000.00	765,000.00	-
Total regular debt service	1,223,600.00	-	1,223,600.00	1,223,600.00	-
TOTAL EXPENDITURES	1,223,600.00	-	1,223,600.00	1,223,600.00	-
EXCESS (DEFICIENCY) OF REVENUES	-	-	-	-	-
Fund balance - July 1	1.16		1.16	1.16	-
Fund balance - June 30	1.16	-	1.16	1.16	-

Recapitulation:

Unassigned Fund Balance

1.16

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/Position
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
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Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
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- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	J-1 to J-5
Revenue Capacity These schedules contain 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 present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	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 is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.	

WANAQUE BOARD OF EDUCATION

Net Assets/Position* by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2011	2012	Restated 2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Invested in capital assets, net of related debt	1,142,602	187,061	169,916	996,400	(327,573)	432,685	1,093,344	2,006,861	3,001,324	3,760,625
Restricted	1,368,088	920,726	869,313	1,684,904	1,861,103	2,141,985	2,220,464	1,989,096	1,500,144	2,275,686
Unrestricted	(537,951)	(4,746)	168,004	(491,260)	(4,133,487)	(4,110,419)	(4,444,559)	(4,404,991)	(4,365,647)	(4,635,183)
Total governmental activities net assets/position	<u>1,972,739</u>	<u>1,103,041</u>	<u>1,207,233</u>	<u>2,190,044</u>	<u>(2,599,957)</u>	<u>(1,535,749)</u>	<u>(1,130,751)</u>	<u>(409,035)</u>	<u>135,821</u>	<u>1,401,128</u>
Business-type activities										
Invested in capital assets, net of related debt	59,691	35,436	29,891	57,374	67,531	59,565	71,059	72,904	70,895	63,466
Unrestricted	58,148	72,991	97,982	79,524	76,910	87,108	76,936	102,605	86,160	69,079
Total business-type activities net assets/position	<u>117,839</u>	<u>108,427</u>	<u>127,873</u>	<u>136,898</u>	<u>144,441</u>	<u>146,673</u>	<u>147,995</u>	<u>175,509</u>	<u>157,055</u>	<u>132,545</u>
District-wide										
Invested in capital assets, net of related debt	1,202,293	222,497	199,807	1,053,774	(260,042)	492,251	1,164,403	2,079,765	3,072,219	3,824,091
Restricted	1,368,088	920,726	869,313	1,684,904	1,861,103	2,141,985	2,220,464	1,989,096	1,500,144	2,275,686
Unrestricted	(479,804)	68,245	265,986	(411,736)	(4,056,577)	(4,023,312)	(4,367,623)	(4,302,387)	(4,279,487)	(4,566,104)
Total district net assets/position	<u>2,090,577</u>	<u>1,211,468</u>	<u>1,335,106</u>	<u>2,326,942</u>	<u>(2,455,515)</u>	<u>(1,389,076)</u>	<u>(982,756)</u>	<u>(233,526)</u>	<u>292,876</u>	<u>1,533,673</u>

Source: CAFR Schedule A-1

* GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

WANAQUE BOARD OF EDUCATION

Changes in Net Assets/Position*
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019
Expenses										
Governmental activities										
Instruction										
Regular	6,906,467	7,037,106	7,023,006	6,909,984	8,024,002	8,564,352	9,097,615	8,902,490	8,769,645	8,514,853
Special education	2,618,944	3,086,391	3,349,081	3,423,287	3,994,368	4,356,912	5,352,918	5,470,736	5,195,365	4,822,561
Other special education	153,171	433,478	441,549	418,654	428,586	445,777	415,171	629,211	589,548	675,951
Other instruction	214,025	224,132	216,592	250,924	310,415	310,852	391,823	472,096	397,076	344,264
Support Services:										
Tuition	793,360	578,264	502,471	865,306	693,129	421,455	498,470	549,729	601,167	432,340
Student & instruction related services	1,671,061	1,877,758	2,150,806	2,137,257	2,283,267	2,498,269	2,676,239	2,906,209	2,649,446	2,613,902
General administrative services	477,838	494,891	450,234	525,159	482,761	535,336	547,644	705,257	694,035	588,154
School administrative services	477,922	528,197	485,210	636,614	804,037	784,716	865,450	960,598	823,278	795,313
Central Services and Admin. Info. Tech.	522,093	495,312	545,803	542,697	689,344	702,350	802,206	744,927	724,998	753,842
Plant operations and maintenance	1,625,032	1,475,805	1,269,555	1,331,067	1,387,701	1,369,309	1,521,854	1,589,999	1,518,843	1,419,628
Pupil transportation	605,773	569,581	594,165	601,361	676,207	509,546	664,614	763,669	861,835	679,694
Charter Schools	10,258									
Interest on Long term debt	741,320	714,129	686,078	657,370	601,056	550,501	519,687	499,040	535,713	448,315
Total governmental activities expenses	16,817,366	17,515,045	17,711,550	18,299,680	20,384,874	21,049,375	23,353,691	24,193,961	23,360,949	22,048,617
Business-type activities:										
Food service	256,478	288,945	285,572	303,193	286,576	295,571	310,519	295,103	347,736	299,902
Total business-type activities expense	256,478	288,945	285,572	303,193	286,576	295,571	310,519	295,103	347,736	299,902
Total district expenses	17,073,844	17,803,990	17,997,122	18,602,873	20,671,449	21,344,946	23,664,210	24,489,064	23,708,685	22,348,519
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	556,191	472,987	508,992	508,309	389,909	418,075	407,037	378,536	399,717	451,589
Operating grants and contributions	556,191	472,987	508,992	508,309	389,909	418,075	407,037	378,536	399,717	451,589
Total governmental activities program revenues										
Business-type activities:										
Charges for services:										
Food service	162,156	170,511	169,544	162,760	163,677	150,823	153,791	178,306	189,612	148,656
Operating grants and contributions	111,659	127,712	135,356	133,355	135,759	146,847	157,924	143,663	137,578	125,404
Total business-type activities program revenues	273,815	298,224	304,900	296,115	299,437	297,670	311,715	321,969	327,190	274,060
Total district program revenues	830,006	771,211	813,892	804,424	689,345	715,745	718,752	700,505	726,907	725,649

WANAQUE BOARD OF EDUCATION

Changes in Net Assets/Position*
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019
Net (Expense)/Revenue										
Governmental activities	(16,261,174)	(17,042,058)	(17,202,558)	(17,791,371)	(19,994,965)	(20,631,301)	(22,946,654)	(23,815,425)	(22,961,232)	(21,597,028)
Business-type activities	17,336	9,279	19,328	(7,078)	12,861	2,100	1,196	26,866	(20,546)	(25,842)
Total district-wide net expense	<u>(16,243,838)</u>	<u>(17,032,779)</u>	<u>(17,183,230)</u>	<u>(17,798,449)</u>	<u>(19,982,104)</u>	<u>(20,629,201)</u>	<u>(22,945,458)</u>	<u>(23,788,559)</u>	<u>(22,981,776)</u>	<u>(21,622,870)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	11,820,965	12,057,384	12,238,245	12,598,176	12,905,139	13,263,244	13,717,544	14,116,975	14,425,008	14,743,086
Taxes levied for debt service	462,998	902,555	899,436	887,133	848,584	835,700	792,324	820,609	811,849	807,576
Unrestricted grants and contributions	3,633,243	4,241,215	4,526,461	4,585,633	6,223,038	7,087,266	8,830,632	8,883,704	7,535,536	6,572,318
Restricted grants and contributions								442,341	421,858	416,024
Investment Earnings					4,299	4,777	5,927	23,128	4,448	974
Miscellaneous income	243,080	89,941	83,510	210,757	887,710	594,521	5,226	250,184	307,389	322,357
Total governmental activities	<u>16,160,287</u>	<u>17,291,095</u>	<u>17,747,652</u>	<u>18,281,699</u>	<u>20,868,769</u>	<u>21,785,508</u>	<u>23,351,653</u>	<u>24,537,141</u>	<u>23,506,088</u>	<u>22,862,335</u>
Business-type activities:										
Investment earnings		118		163	131	132	125	648	2,092	1,332
Total business-type activities		<u>118</u>		<u>163</u>	<u>131</u>	<u>132</u>	<u>125</u>	<u>648</u>	<u>2,092</u>	<u>1,332</u>
Total district-wide	<u>16,160,287</u>	<u>17,291,095</u>	<u>17,747,770</u>	<u>18,281,862</u>	<u>20,868,901</u>	<u>21,785,640</u>	<u>23,351,778</u>	<u>24,537,789</u>	<u>23,508,180</u>	<u>22,863,667</u>
Change in Net Position										
Governmental activities	(100,888)	249,036	545,094	490,328	873,804	1,154,208	404,999	721,716	544,856	1,285,307
Business-type activities	17,336	9,279	19,446	(6,915)	12,993	2,232	1,321	27,514	(18,454)	(24,510)
Total district	<u>(83,551)</u>	<u>258,315</u>	<u>564,540</u>	<u>483,413</u>	<u>886,797</u>	<u>1,156,439</u>	<u>406,320</u>	<u>749,230</u>	<u>526,402</u>	<u>1,240,797</u>

Source: CAFR Schedule A-2

* GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

WANAQUE BOARD OF EDUCATION

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved										
Unreserved										
Restricted	745,179	698,621	875,541	1,340,916	1,427,321	1,762,120	1,882,154	1,677,107	1,436,955	2,166,740
Committed	363,924	314,490								
Assigned	33,619	145,529	441,314	109,300	171,881	113,056	233,558	199,526	31,977	85,425
Unassigned	57,826	100,668	70,792	108,351	147,590	150,242	159,578	232,426	356,415	131,465
Total general fund	<u>1,200,548</u>	<u>1,259,308</u>	<u>1,387,647</u>	<u>1,558,567</u>	<u>1,746,793</u>	<u>2,025,418</u>	<u>2,275,290</u>	<u>2,109,059</u>	<u>1,825,347</u>	<u>2,383,630</u>
All Other Governmental Funds										
Assigned										
Debt service fund			2,335							
Restricted										
Capital projects fund					231,492	236,400	104,751	112,462	31,211	23,520
Unassigned, reported in:										
Capital projects fund	219,989	221,974	201,824	234,688	30,408	30,409	1	1	1	1
Debt service fund	5,376	131		0.37						
Total all other governmental funds	<u>225,366</u>	<u>222,105</u>	<u>204,159</u>	<u>234,688</u>	<u>261,900</u>	<u>266,809</u>	<u>104,752</u>	<u>112,463</u>	<u>31,212</u>	<u>23,521</u>

Source: CAFR Schedule B-1

WANAQUE BOARD OF EDUCATION

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 12,283,963	\$ 12,959,939	\$ 13,137,681	13,485,309	13,753,723	14,098,944	14,509,868	14,937,784	15,236,857	15,550,662
Tuition charges	204,950	88,499	60,695	148,222	74,003	151,653	75,073	102,472	241,401	260,644
Miscellaneous	45,630	1,442	29,114	76,377	54,617	29,213	10,900	74,068	7,068	107,607
State sources	3,710,532	4,240,799	4,597,753	4,671,166	5,046,161	4,959,099	5,159,964	5,563,006	5,958,823	5,786,906
Federal sources	471,403	473,402	431,402	408,934	420,369	459,655	441,821	411,888	423,323	425,062
Total revenue	16,716,478	17,764,081	18,256,645	18,790,008	19,348,872	19,698,564	20,197,626	21,201,490	21,934,472	22,130,881
Expenditures										
Instruction										
Regular instruction	4,965,120	5,040,950	5,003,304	4,904,306	4,881,974	5,189,524	4,939,343	4,730,662	5,202,378	5,127,534
Special education instruction	1,873,288	2,291,599	2,379,901	2,503,603	2,497,787	2,645,267	2,877,033	2,933,025	2,987,244	2,940,240
Other special instruction	110,021	321,627	313,599	319,652	290,026	293,765	254,305	369,824	368,779	433,314
Other instruction	153,433	166,558	166,224	197,370	174,338	165,934	180,551	224,073	200,037	176,015
Support Services:										
Tuition	793,360	578,264	502,471	865,307	693,129	421,455	498,470	549,729	601,167	432,340
Student & instruction related services	1,332,627	1,540,917	1,645,651	1,661,606	1,811,560	1,647,529	1,652,692	1,919,105	1,776,203	1,762,145
General administrative services	377,382	394,065	357,243	421,339	380,415	451,291	468,334	487,953	480,038	427,985
School Administrative services	320,149	393,189	348,324	466,606	493,810	483,202	469,234	518,395	478,016	451,133
Central Services	446,075	417,722	470,825	470,825	527,658	527,828	555,688	584,492	621,759	627,805
Plant operations and maintenance	1,218,936	1,237,291	1,127,121	1,163,247	1,234,433	1,206,369	1,296,083	1,360,764	1,315,311	1,242,468
Pupil transportation	605,773	569,581	594,165	601,361	676,207	509,546	662,016	763,669	861,835	679,694
Unallocated employee benefits	3,167,513	3,316,299	3,874,419	3,537,290	3,898,212	4,153,414	4,601,638	5,050,596	5,629,173	5,690,136
Charter Schools	10,258									
Capital outlay	54,016	227,679	49,932	153,337	723,523	462,697	626,428	624,072	547,421	365,880
Debt Service:										
Principal	592,593	629,374	641,292	658,305	650,000	700,000	720,000	740,000	745,000	765,000
Interest and Other Charges	747,609	720,813	692,935	664,406	618,255	557,209	526,563	503,650	485,075	458,600
Total expenditures	16,768,154	17,845,930	18,146,251	18,588,560	19,321,325	19,415,030	20,328,378	21,360,009	22,299,436	21,580,289
Excess (Deficiency) of revenues over (under) expenditures	(51,676)	(81,848)	110,394	201,448	27,547	283,534	(130,752)	(158,520)	(364,964)	550,592
Other Financing sources (uses)										
Capital leases (non-budgeted)		106,956		187,891			293,386			
Cancellation of Accounts Payable		30,391								
Cancellation of Contracts Payable										
Cancellation of SDA Grant Receivables			322	102,720	260,372	450,000	536,830	685,000	687,462	420,611
Transfers in			(322)	(102,720)	(260,372)	(450,000)	(536,830)	(685,000)	(687,462)	(420,611)
Transfers out					187,891		218,567			
Total other financing sources (uses)		137,347								
Net change in fund balances	\$ (51,676)	\$ 55,498	\$ 110,394	\$ 201,448	\$ 215,438	\$ 283,534	\$ 87,815	\$ (158,520)	\$ (364,964)	\$ 550,592
Debt service as a percentage of noncapital expenditures	8.018%	7.664%	7.373%	7.175%	6.819%	6.634%	6.327%	5.998%	5.655%	5.768%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

WANAQUE BOARD OF EDUCATION

**General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Misc.	Total
2011	4,866	204,950	33,264	243,080
2012		88,499	1,314	89,813
2013	322	60,695	28,791	89,808
2014	149	148,222	76,228	224,599
2015	4,299	74,003	26,188	104,490
2016	4,777	151,653	21,359	177,788
2017	5,927	75,073	4,973	85,973
2018	23,128	102,472	147,711	273,312
2019	4,448	241,401	65,988	311,837
2020	974	260,644	61,714	323,332

Source: District Records

WANAQUE BOARD OF EDUCATION

Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2011	23,389,700	502,533,744	0	3,800	41,631,020	10,321,790	1,379,200	579,259,254	0	579,259,254	2.217	1,331,630,538
2012	23,115,800	507,724,774	0	3,800	41,574,020	10,321,790	1,379,200	584,119,384	0	584,119,384	2.239	1,295,164,931
2013 (c)	43,414,200	963,488,900	0	5,800	88,604,200	22,020,000	2,178,100	1,119,721,200	0	1,119,721,200	1.186	1,279,388,940
2014	42,582,900	971,990,000	0	132,400	86,700,100	21,736,000	2,178,100	1,125,319,500	0	1,125,319,500	1.209	1,258,043,041
2015	36,099,300	976,794,800	0	132,400	86,193,800	19,791,700	2,178,100	1,121,190,100	0	1,121,190,100	1.242	1,235,743,525
2016	35,921,500	976,142,900	805,300	134,400	86,100,400	19,791,700	2,178,100	1,121,074,300	0	1,121,074,300	1.274	1,257,091,612
2017	33,925,800	988,682,600	805,300	7,700	72,102,400	19,349,700	2,178,100	1,117,051,600	0	1,117,051,600	1.320	1,282,640,487
2018	32,301,800	992,489,900	805,300	7,700	70,933,700	19,349,700	3,438,100	1,119,326,200	0	1,119,326,200	1.348	1,295,067,936
2019	31,423,400	991,182,000	805,300	7,700	70,309,900	19,394,900	6,035,900	1,119,159,100	0	1,119,159,100	1.376	1,363,664,067
2020	28,532,100	989,127,300	805,300	7,700	70,159,900	19,161,400	6,035,900	1,113,829,600	0	1,113,829,600	1.412	1,392,809,303

Source: Passaic County, Abstract of Rates and Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

c Revaluation/Reassessment Year

WANAQUE BOARD OF EDUCATION

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

(rate per \$100 of assessed value)

Assessment Year	Wanaque Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Regional School District	Borough of Wanaque ^c	Passaic County	
2011	0.950	1.27	2.220	1.224	1.518	1.341	6.303
2012	2.089	0.15	2.239	1.220	1.580	1.460	6.499
2013 (d)	1.106	0.079	1.186	0.697	0.868	0.732	3.483
2014	1.133	0.077	1.210	0.631	0.876	0.809	3.526
2015	1.167	0.075	1.242	0.628	0.876	0.850	3.596
2016	1.203	0.071	1.274	0.646	0.895	0.832	3.648
2017	1.246	0.074	1.320	0.685	0.903	0.832	3.740
2018	1.275	0.073	1.348	0.715	0.919	0.848	3.830
2019	1.304	0.072	1.376	0.745	0.958	0.828	3.907
2020	1.341	0.071	1.412	0.781	0.983	0.827	4.003

Source: District Records and Municipal Tax Collector

Note:

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

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.
- c** Includes Open Space and Library Tax
- d** Revaluation/Reassessment Year

WANAQUE BOARD OF EDUCATION

Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
North Jersey District Water Supply Comm.	\$ 16,408,500	1	1.47%	\$ 16,139,500	1	2.78%
Wanaque Convalescent Center LP	9,500,000	2	0.85%	9,240,300	2	1.59%
Omni II LLC (Nursing Home 25 Fifth Ave)	6,500,000	3	0.58%			
Wanaque Building Associates (4 Union Ave)	6,200,000	4	0.56%	2,500,000	6	0.43%
NL Ventures X Third Ave (Arrow Shed)	5,135,700	5	0.46%			
Algonquin Gas Transmission	4,494,900	6	0.40%	2,086,890	8	0.36%
1049 Ringwood Avenue LLC (Apartments)	3,857,800	7	0.35%			
Shree Hari Vallabh Realty, LLC (Holiday Inn)	3,645,000	8	0.33%	2,268,000	7	0.39%
Haskell Town Center LLC	2,697,300	9	0.24%			
Mountain Lakes Estates	2,625,000	10	0.24%			
Pulte Communications				3,625,200	4	0.62%
Arrow Group Ind.				2,652,200	5	0.46%
DeRubbio & McCauly				5,666,200	3	0.98%
Wanaque Realty Corp				1,984,500	9	0.34%
Haskell Properties				1,517,500	10	0.26%
Total	\$ 61,064,200		5.48%	\$ 47,680,290		8.21%

Source: Municipal Tax Assessor office

WANAQUE BOARD OF EDUCATION

**Property Tax Levies and Collections,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	12,283,963	12,283,963	100.00%	-
2012	12,959,939	12,959,939	100.00%	-
2013	13,137,681	13,137,681	100.00%	-
2014	13,485,309	13,485,309	100.00%	-
2015	13,753,723	13,753,723	100.00%	-
2016	14,098,944	14,098,944	100.00%	-
2017	14,509,868	14,509,868	100.00%	-
2018	14,937,784	14,937,784	100.00%	-
2019	15,236,857	15,236,857	100.00%	-
2020	15,550,662	15,550,662	100.00%	-

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

Note: **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

WANAQUE BOARD OF EDUCATION

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income	Per Capita ^a
	General Obligation Bonds	Loans Payable	Capital Leases				
2011	16,301,000	168,973	41,688		16,511,662	3.78%	1,490
2012	15,726,000	114,599	89,141		15,929,740	3.48%	1,411
2013	15,141,000	58,307	68,831		15,268,138	3.19%	1,342
2014	14,541,000		47,567		14,588,567	2.97%	1,270
2015	13,815,000		238,496		14,053,496	2.78%	1,207
2016	13,115,000		114,700		13,229,700	2.48%	1,134
2017	12,395,000		279,447		12,674,447	2.30%	1,085
2018	11,655,000		185,269		11,840,269	2.11%	1,009
2019	10,910,000		196,085		11,106,085	1.96%	946
2020	10,145,000		111,513		10,256,513	1.72%	872

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

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

WANAQUE BOARD OF EDUCATION
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	16,301,000		16,301,000	2.81%	1,471.21
2012	15,726,000		15,726,000	2.69%	1,392.54
2013	15,141,000		15,141,000	1.35%	1,330.38
2014	14,541,000		14,541,000	1.29%	1,265.54
2015	13,815,000		13,815,000	1.23%	1,186.65
2016	13,115,000		13,115,000	1.17%	1,124.21
2017	12,395,000		12,395,000	1.11%	1,060.85
2018	11,655,000		11,655,000	1.04%	992.76
2019	10,910,000		10,910,000	0.97%	929.54
2020	10,145,000		10,145,000	0.91%	862.52

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
^a See Exhibit NJ J-6 for property tax data.
^b Population data can be found in Exhibit NJ J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding

WANAUKE BOARD OF EDUCATION
Direct and Overlapping Governmental Activities Debt
Year Ended June 30, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Wanauke	18,454,970	100.000%	18,454,970
Other debt			
Passaic County	326,206,257	2.606%	8,500,935
Passaic County Utility Authority	46,770,000	2.606%	1,218,826
Subtotal, overlapping debt			28,174,731
Wanauke Borough School District Direct Debt			<u>10,145,000</u>
Total direct and overlapping debt			<u>\$ 38,319,731</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Passaic 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 Wanauke. 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.

(1) Debt information as of December 31, 2019

WANAQUE BOARD OF EDUCATION
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2011	11,080	436,286,080	39,376	8.4%
2012	11,293	458,348,991	40,587	8.6%
2013	11,381	478,969,385	42,085	9.0%
2014	11,490	491,749,020	42,798	8.3%
2015	11,642	505,064,886	43,383	13.3%
2016	11,666	533,672,836	45,746	6.2%
2017	11,684	550,959,020	47,155	5.0%
2018	11,740	560,819,800	47,770	4.3%
2019	11,737	566,826,678	48,294	3.8%
2020	11,762	594,804,340	50,570	3.1%

Source:

^a U.S. Bureau of the Census, Population Division, (Estimates April 1, 2010 to July 1, 2019)

^b Personal income of the District is based on the County Information.

^c U.S. Department of Commerce, County Information 2009-2018.

^d N.J. Department of Labor

WANAQUE BOARD OF EDUCATION

**Principal Employers,
Current Year and Eight Years Ago**

2020

2012

INFORMATION IS NOT AVAILABLE

WANAQUE BOARD OF EDUCATION
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction	56	57	65	65	66	58	60	59	56	56
Regular	40	50	26	22	22	29	27	27	30	30
Special education	-	-	20	23.5	24.5	21	31	29	31	31
Other instruction	-	-	-	-	-	-	-	-	-	-
Support Services:	-	-	-	-	-	-	-	-	-	-
Tuition	13	16	11	13.5	13	14.5	17	20	16	16
Student & instruction related services	7	6	9	8	7	8.5	8.5	9.5	7.5	7.5
General administrative services	3	3	3.5	3.5	4	4	4	4	4	4
Business administrative services	3	15	2	2	2	2	2	2	2	2
Plant operations and maintenance	12	-	-	-	-	-	-	-	-	0
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Total	134.0	147.0	136.5	137.5	138.5	137.0	149.5	150.5	146.5	146.5

Source: District Personnel Records

WANAQUE BOARD OF EDUCATION
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2010-2011	942	15,373,936	16,321	-2.92%	79.2	11.8	934.5	893.8	1.78%	94.88%
2011-2012	932	16,268,064	17,455	6.95%	90.5	10.4	942.8	907.5	0.89%	96.18%
2012-2013	965	16,762,091	17,370	-0.49%	91.0	10.6	951.7	906.7	-0.09%	95.30%
2013-2014	926	17,112,512	18,480	6.39%	90.0	10.3	915.5	877.4	-3.80%	95.84%
2014-2015	952	17,329,547	18,203	-1.50%	93.0	10.2	958.0	917.2	-4.64%	95.75%
2015-2016	955	17,695,124	18,529	1.79%	90.0	10.6	947.6	908.7	-0.01%	95.90%
2016-2017	949	18,455,388	19,447	4.96%	94.0	10.1	945.1	902.7	-0.01%	95.52%
2017-2018	919	18,065,765	19,658	1.08%	86.0	10.7	900.8	864.4	-4.69%	96.02%
2018-2019	900	20,521,940	22,802	15.99%	97.0	9.3	886.8	849.3	-1.55%	95.76%
2019-2020	901	19,990,809	22,187	-2.70%	97.0	9.3	899.0	864.0	1.44%	96.44%

Sources: District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures J-4, less debt service and capital outlay

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS) at June 30.

WANAQUE BOARD OF EDUCATION
School Building Information
Last Ten Fiscal Years

District Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Elementary										
Haskell School (1917)										
Square Feet	70,225	70,225	70,255	70,255	70,255	70,255	70,255	70,255	70,255	70,255
Capacity (students)	469	469	469	469	469	469	469	469	469	469
Enrollment	403	403	413	413	428	432	436	410	386	396
Wanaque School (1971)										
Square Feet	81,800	81,800	81,800	81,800	81,800	81,800	81,800	81,800	81,800	81,800
Capacity (students)	574	574	574	574	574	574	574	574	574	574
Enrollment	535	539	538	538	538	523	513	496	503	505
Other										
Central Administration (1905)										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Central Administration (1965)										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Central Administration (1917)										
Square Feet	2,260	2,260	2,260	2,260	2,260	2,260	2,260	2,260	2,260	2,260

Number of Schools at June 30, 2020
Elementary = 2

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions.

**WANAQUE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY**

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

*School Facilities	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
HASKELL SCHOOL	119,079	140,021	145,108	135,100	127,468	127,800	85,183	71,465	73,836	68,147
WANAQUE SCHOOL	145,542	171,000	163,701	157,044	138,090	122,658	89,983	84,527	71,307	66,395
GRAND TOTAL	264,621	311,021	308,808	292,144	265,558	250,458	175,166	155,992	145,143	134,542

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

WANAQUE BOARD OF EDUCATION

**Insurance Schedule
June 30, 2020**

	<u>Coverage</u>	<u>Deductible</u>
Package - New Jersey Schools Insurance Group		
Property	\$ 34,568,588	\$ 5,000
Crime coverage	250,000	1,000
Comprehensive general liability	11,000,000	
Business auto coverage	11,000,000	
Auto Physical Damage	Actual Cash Value	1,000
Environmental Impairment - Ironshore Specialty Group	1,000,000	50,000
Boiler and machinery - New Jersey School Insurance Group	100,000,000	1,000
Excess Liability - Torus/Markel Insurance Co.	29,000,000	
Workers Compensation - New Jersey Schools Insurance Group	2,000,000	
Supplemental Indemnity	7 day waiting period	
Public Officials Surety Bonds -		
New Jersey Schools Insurance Group		
Treasurer of School Monies	250,000	1,000
Board Secretary	200,000	1,000
Student Accident Coverage - Bollinger/Zurich		
Association Ins. Group		
Catastrophic Aggregate Limit	5,000,000	Full Excess
Catastrophic Cash Benefit	1,000,000	

Source: District Records

SINGLE AUDIT SECTION



WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Matthew B. Wielkocz, CPA, PSA
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable President and
Members of the Board of Education
Borough of Wanaque School District
County of Passaic
Haskell, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Wanaque School District, in the County of Passaic, New Jersey, as of and for the 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 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Wanaque Board of Education'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 Borough of Wanaque Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Wanaque Board of Education'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 Borough of Wanaque Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the 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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas M. Ferry

Thomas M. Ferry
Licensed Public School Accountant
No. 20CS00209100

Wielkocz & Company, LLC

Wielkocz & Company, LLC
Certified Public Accountants

Newton, New Jersey

January 21, 2021



WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND NEW JERSEY'S OMB CIRCULAR 15-08**

Honorable President and
Members of the Board of Education
Borough of Wanaque School District
County of Passaic
Haskell, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Borough of Wanaque School District in the County of Passaic, New Jersey, compliance with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Wanaque Board of Education's major state programs for the year ended June 30, 2020. The Borough of Wanaque Board of Education'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 the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Wanaque Board of Education's major federal and 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 audit requirements and N.J. OMB Circular 15-08. Those statutes, the Uniform Guidance and N.J. OMB 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 Borough of Wanaque Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the Borough of Wanaque Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Wanaque Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB 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 Borough of Wanaque Board of Education's internal control over compliance.

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

Honorable President and
Members of the Board of Education

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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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Thomas M. Ferry

Thomas M. Ferry
Licensed Public School Accountant
No. 20CS00209100

Wielkotz & Company, LLC

Wielkotz & Company, LLC
Certified Public Accountants

Newton, New Jersey

January 21, 2021

BOROUGH OF WANAJUE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ending June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From / To	Balance at June 30, 2019		Balance at June 30, 2020		MEMO Cumulative Total Expenditures
						(Accounts Receivable)	Deferred Revenue	(Accounts Receivable)	Deferred Revenue	
U.S. Department of Education:										
Passed-Through State Department Of Education:										
General Fund:										
Medicaid Assistance Program	93.778	1905NJ5MAP	N/A	23,606.24	7/1/18-6/30/19	(2,425.73)	2,425.73	(18,393.23)	18,393.23	23,606.24
Medicaid Assistance Program	93.778	2005NJ5MAP	N/A	18,393.23	7/1/19-6/30/20	(2,425.73)	18,393.23	(18,393.23)	-	18,393.23
Total General Fund										
U.S. Department of Agriculture										
Passed-Through State Department Of Education:										
Enterprise Fund:										
Food Distribution Program	10.550	201NJ304N1099	N/A	20,676.34	7/1/19-6/30/20		20,676.34	(22,949.87)		
National School Lunch Program	10.555	201NJ304N1099	N/A	78,840.49	7/1/19-6/30/20		74,647.09	(76,840.49)		
National School Lunch Program	10.555	191NJ304N1099	N/A	90,839.95	7/1/18-6/30/19	(6,748.83)	6,748.83	(20,837.05)		90,839.95
School Breakfast Program	10.553	201NJ304N1099	N/A	20,837.05	7/1/19-6/30/20	(1,002.51)	18,337.25	(2,499.80)		
School Breakfast Program	10.553	191NJ304N1099	N/A	12,256.92	7/1/18-6/30/19	(1,002.51)	1,002.51	(148.45)		12,256.92
Special Milk Program	10.556	201NJ304N1099	N/A	148.45	7/1/19-6/30/20	(36.28)	36.28	(122,775.86)		459.27
Special Milk Program	10.556	191NJ304N1099	N/A	459.27	7/1/18-6/30/19	(7,787.62)	121,596.75	(6,693.20)		103,556.14
Total Enterprise Fund										
U.S. Department of Education										
Passed-Through State Department Of Education:										
Special Revenue Fund:										
Title I - Improving Basic Programs	84.010	S010A180030	ESSA544019	119,687.00	9/1/18-8/31/19	(46,409.00)	46,409.00	(111,572.00)		119,687.00
Title I - Improving Basic Programs	84.010	S010A190030	ESSA544020	11,572.00	9/1/19-8/31/20	(46,409.00)	66,202.00	(111,572.00)		111,572.00
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	S367A190029	ESSA544020	41,267.00	9/1/19-8/31/20	(805.00)	32,694.00	(41,267.00)		41,267.00
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	S367A180029	ESSA544019	28,918.00	9/1/18-8/31/19	(805.00)	805.00	(8,573.00)		28,918.00
Title IV - Student Support and Academic Enrichment	84.424	S424A190031	ESSA544020	500.00	9/1/19-8/31/20	(2,500.00)	325.00	(500.00)		500.00
Title IV - Student Support and Academic Enrichment	84.424	S424A180031	ESSA544019	10,000.00	9/1/18-8/31/19	(2,500.00)	2,500.00	(175.00)		9,500.00
I.D.E.A. Part B - Basic Regular	84.027	H027A190100	IDEA544020	228,183.00	9/1/19-8/31/20	(2,740.00)	228,183.00	(2,740.00)		228,691.00
I.D.E.A. Part B, Preschool	84.173	H173A180114	IDEA544020	13,699.00	9/1/19-8/31/20	-	10,959.00	(13,699.00)		13,621.00
State Personnel Development Grant New Jersey Tiered System of Supports - Early Reading							239,142.00	(241,882.00)		489,362.00
Coronavirus Aid Relief and Economic Security Act	84.323	H323A160012	N/A	15,444.00	7/1/19-6/30/20		11,448.00	(11,448.00)		11,448.00
Total Special Revenue Fund	84.425D	S425D200027	N/A	91,193.00	3/13/20-9/30/22	(49,714.00)	399,525.00	(406,689.00)		812,254.00
Total Federal Financial Awards						(59,927.35)	541,940.71	(63,551.20)		994,203.37

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

BOROUGH OF WANAJQUE SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ending June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	Balance at		Cash Received	Budgetary Expenditures	Balance at June 30, 2020 (Accounts Receivable)	MEMO	
				June 30, 2019 (Accts Receivable)	Deferred Revenue				Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:										
General Fund:										
Equalization Aid	20-495-034-5120-078	1,685,969.00	7/1/19-6/30/20			1,519,067.00	(1,685,969.00)	*	(166,902.00)	1,685,969.00
Special Education Categorical Aid	20-495-034-5120-089	547,530.00	7/1/19-6/30/20			493,327.00	(547,530.00)	*	(54,203.00)	547,530.00
Security Aid	20-495-034-5120-084	23,490.00	7/1/19-6/30/20			21,165.00	(23,490.00)	*	(2,325.00)	23,490.00
Total State Aid Public Cluster						2,033,559.00	(2,256,989.00)	*	(223,430.00)	2,256,989.00
Reimbursed TPAF Social Security	20-495-034-5095-003	588,517.01	7/1/19-6/30/20			558,092.34	(588,517.01)	*		588,517.01
Reimbursed TPAF Social Security	19-495-034-5095-003	596,071.92	7/1/18-6/30/19		(31,119.75)	31,119.75	(158,708.00)	*		158,708.00
Extraordinary Special Education Costs Aid	20-100-034-5120-473	158,708.00	7/1/19-6/30/20					*		
Extraordinary Special Education Costs Aid	19-100-034-5120-473	318,186.00	7/1/18-6/30/19		(317,349.00)	317,349.00	(11,642.00)	*	(1,153.00)	11,642.00
Transportation Aid	20-495-034-5120-014	11,642.00	7/1/19-6/30/20			10,489.00	(1,674,747.00)	*		1,674,747.00
On-behalf TPAF Pension	20-495-034-5094-002	1,674,747.00	7/1/19-6/30/20			1,674,747.00	(30,018.00)	*		30,018.00
On-behalf TPAF NCGI Premium	20-495-034-5094-007	30,018.00	7/1/19-6/30/20			30,018.00	(632,437.00)	*		632,437.00
On-behalf TPAF Post Retirement Medical	20-495-034-5094-001	632,437.00	7/1/19-6/30/20			632,437.00	(1,836.00)	*		1,836.00
On-behalf TPAF Long-Term Disability Ins.	20-495-034-5094-004	1,836.00	7/1/19-6/30/20			1,836.00		*		
Non Public Transportation Aid	19-495-034-5120-014	20,203.00	7/1/18-6/30/19		(20,203.00)	20,203.00	(5,354,894.01)	*	(224,583.00)	5,354,894.01
Total General Fund					(368,671.75)	5,309,850.09	(5,354,894.01)			
Debt Service Fund:										
School Construction Debt Service Aid	20-495-034-5120-075	416,024.00	7/1/19-6/30/20			416,024.00	(416,024.00)	*		416,024.00
Total Debt Service Fund						416,024.00	(416,024.00)			
State Department of Agriculture Enterprise Fund:										
State School Lunch Program	20-100-010-3350-023	2,627.83	7/1/19-6/30/20		(277.07)	2,561.55	(2,627.83)	*	(66.28)	2,627.83
State School Lunch Program	19-100-010-3350-023	3,433.69	7/1/18-6/30/19		(277.07)	277.07	(2,627.83)	*	(66.28)	2,627.83
Total Enterprise Fund						2,838.62	(2,627.83)			
TOTAL STATE FINANCIAL ASSISTANCE										
Less: On-Behalf Pension and Annuity Aid										
On-behalf TPAF Pension	20-495-034-5094-002	1,674,747.00	7/1/19-6/30/20			1,674,747.00	(1,674,747.00)	*		1,674,747.00
On-behalf TPAF NCGI Premium	20-495-034-5094-007	30,018.00	7/1/19-6/30/20			30,018.00	(30,018.00)	*		30,018.00
On-behalf TPAF Post Retirement Medical	20-495-034-5094-001	632,437.00	7/1/19-6/30/20			632,437.00	(632,437.00)	*		632,437.00
On-behalf TPAF Long-Term Disability Ins.	20-495-034-5094-004	1,836.00	7/1/19-6/30/20			1,836.00	(1,836.00)	*		1,836.00
TOTAL FOR STATE FINANCIAL ASSISTANCE MAJOR PROGRAM DETERMINATION					(368,948.82)	3,389,674.71	(3,434,507.84)		(224,583.00)	3,434,507.84

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all Federal and State Award programs of the Board of Education, Borough of Wanaque School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the Schedule 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 on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2 (C) and 2(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the 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, those 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 last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

**Borough of Wanaque District
Notes to the Schedules of Expenditures of Federal Awards and
State Financial Assistance
June 30, 2020**

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS
(Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$15,988.00 for the general fund and \$-0- for the special revenue fund. See Note for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Additionally, as discussed further in Note 6, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical and pension contributions. The total amount of these contributions during 2020 fiscal year was \$2,339,038.00.

Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$18,393.23	\$5,370,882.01	\$5,389,275.24
Special Revenue Fund	406,669.00		406,669.00
Debt Service Fund		416,024.00	416,024.00
Food Service Fund	<u>122,775.86</u>	<u>2,627.83</u>	<u>125,403.69</u>
Total Financial Awards	<u>\$547,838.09</u>	<u>\$5,789,533.84</u>	<u>\$6,337,371.93</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 Food Distribution Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2020. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7. INDIRECT COST RATE

The Borough of Wanaque School District has elected not to use the 10 percent de minimis Indirect Cost Rate as allowed under the Uniform Guidance.

**BOROUGH OF WANAQUE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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) Material weakness(es) identified? _____ yes X no

Significant deficiencies identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

N/A

**BOROUGH OF WANAQUE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(continued)**

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

Internal Control over major state programs:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified that are not
 Considered to be material weaknesses? yes X none reported

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

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:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5095-003	Reimbursed TPAF Social Security
495-034-5120-075	School Construction Debt Service Aid

**BOROUGH OF WANAQUE SCHOOL DISTRICT
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section II - Schedule of Financial Statement Findings

NONE

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

No matters were reported.

**BOROUGH OF WANAQUE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Status of Prior Year Findings

There were no prior audit findings.