

WHARTON BOARD OF EDUCATION

**Wharton Borough Board of Education
Wharton, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual
Financial Report**

of the

WHARTON BOARD OF EDUCATION

Wharton, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

**Wharton Borough Board of Education
Business Office**

WHARTON BOARD OF EDUCATION
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INTRODUCTORY SECTION
(UNAUDITED)

WHARTON BOROUGH PUBLIC SCHOOLS

www.wbps.org

“Learn to Thrive in a Dynamic World”

Christopher Herdman
Superintendent

Sandy Cammarata
Business Administrator

Christopher J. Herdman
Superintendent

Sandy Cammarata
Business Administrator

Marie Giantomasi
Director of Special Education &
Child Study Team

Board of Education
Robin Ghebreab
President

Jennifer Hobbs
Vice President

Anthony Astrologo
Gilbert Bahr
Paul Breda
John McCusker
Wayne Schiele

Superintendent's Office
973.361.2592
Fax 973.895.2187

Business Office
973.361.2593
Fax 973.442.7593

Marie V. Duffy School
973.361.2506
Fax 973.361.4917

Alfred C. MacKinnon School
973.361.1253
Fax 973.361.4805

Child Study Team
973.361.3010
Fax 973.361.4897

Guidance
973.361.2541
Fax 973.361.4917

137 East Central Avenue
Wharton, NJ 07885

December 14, 2020

The Honorable President and Members
of the Board of Education
Wharton Board of Education
County of Morris, New Jersey

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Wharton Board of Education (the "District") for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The 2019-2020 school year has been by far, one of the most challenging years ever! The Pandemic abruptly closed the District on March 13 changing from in-person education to distance learning. This closure prevented the activities that typically happen at the end of the school year to be canceled. School field trips, dances, end of year activities in the Cafe could not be held, instead the focus turned to additional costs that may be incurred by Grab-N-Go meals, internet access and online resources. Distance learning allowed the school to continue asynchronous instruction to students through Google-based online learning infrastructure. The District, for the past several years, while maintaining a fiscally responsible budget, was already providing a chrome book to each student, this proved extremely beneficial during these times. Along with the importance of education, the District also recognized the importance to continue to provide nutritious meals to our students. Meals were provided through the end of July, 2020.

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

1) REPORTING ENTITY AND ITS SERVICES:

The Wharton Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (“GASB”) in codification section 2100. All funds of the District are included in this report. The Wharton Board of Education and its schools constitute the District's reporting entity.

2) ECONOMIC CONDITION AND OUTLOOK:

The Borough continues to seek new business to the area to improve the industrial and commercial tax base.

3) MAJOR INITIATIVES:

The Board’s current major initiatives are

- Current Interlocal Service Agreements with Morris Hills Regional High School District for Child Study Team Services, Joint Transportation Agreement with Rockaway Township School, Transportation Services, and Custodial Services. The District is evaluating all shared services continually for cost saving initiatives.
- Continued Stability of Early Childhood Program
- Continued Infusion of Technology
- Enhanced Performance Assessment Tools
- Performance Assessment
- Improved Professional Development
- Continued Infusion of Additional Resources through State and Federal Grants
- Continued effects to enhance school culture and climate and increase community involvement in the school.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments, and assignments of fund balance at June 30, 2020.

6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", No. 1.

7) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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. The Business Administrator oversees risk management for the District. A Schedule of Insurance Coverage is found on Exhibit J-20.

9) OTHER INFORMATION:

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

The Honorable President and Members
of the Board of Education
Wharton Board of Education
Page 4
December 14, 2020

10) ACKNOWLEDGMENTS:

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

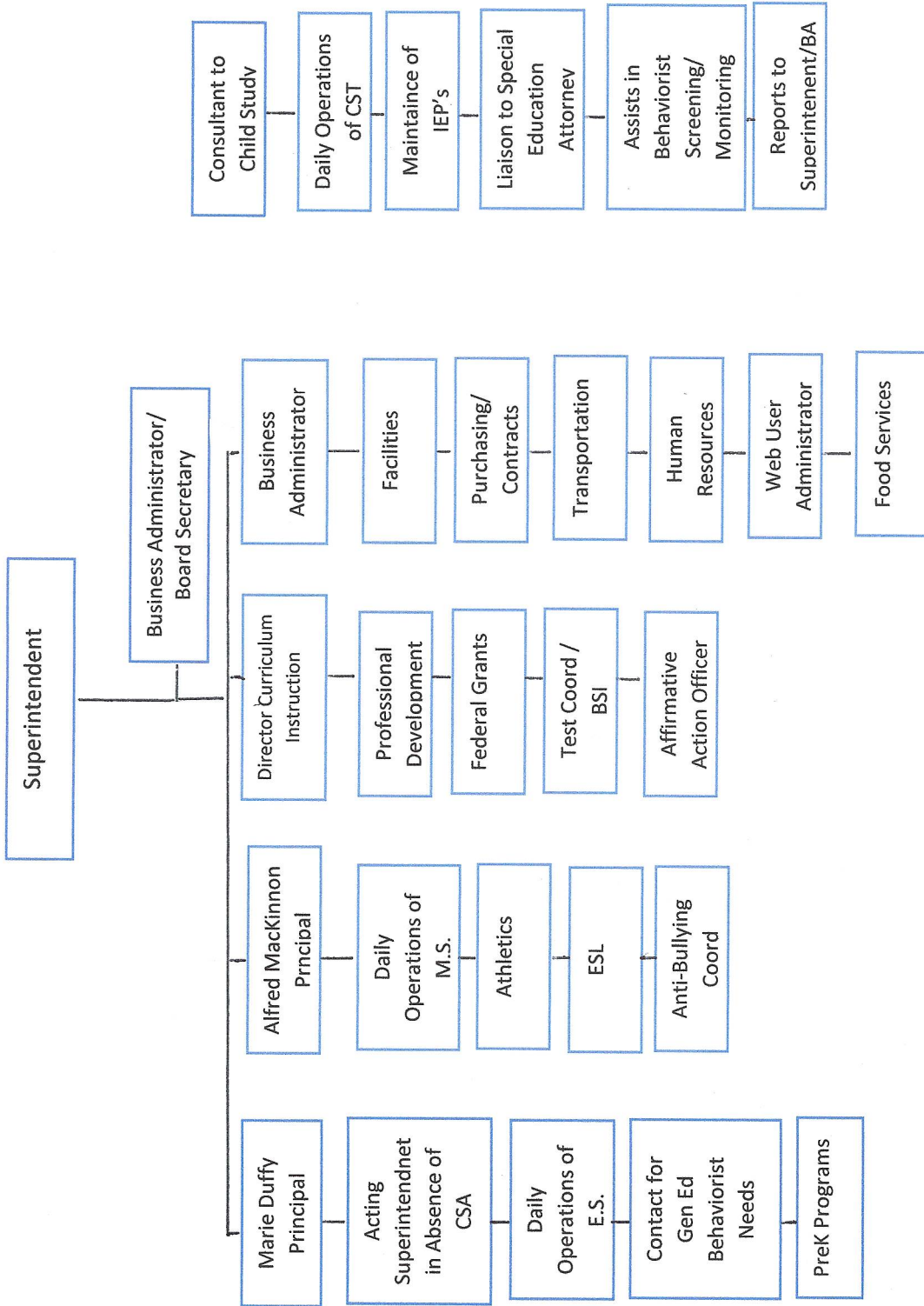


Christopher Herdman
Superintendent



Sandy Cammarata
Business Administrator/Board Secretary

**WHARTON BOARD OF EDUCATION
ORGANIZATION CHART**



**WHARTON BOARD OF EDUCATION
 ROSTER OF OFFICIALS
 JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Expiration of Term</u>
Robin Ghebreal, President	2022
Jennifer Hobbs, Vice President	2021
Anthony Astrologo	2020
Gilbert Bahr	2020
Paul Breda	2021
Wayne Schiele	2022
John McCusker	2022

<u>Other Officials</u>	<u>Title</u>
Christopher Herdman	Superintendent
Sandy Cammarata	Business Administrator/Board Secretary
Diana Fernandez	Treasurer of School Monies

**WHARTON BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Anthony Sciarrillo
Lindabury, McCormick, Estabrook & Cooper PC
53 Cardinal Drive
Westfield, NJ 07090

Architect

Coppa Montalbano Architects
97 Lackawanna Ave
Totowa, NJ 07512

Insurance Agent

Morville Agency
55 Newton Sparta Road #102
Newton, NJ 07860

Official Depository

TD Bank
240 Route 10 West
Succasunna, NJ 07876

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Wharton Board of Education
County of Morris, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wharton Board of Education (the "District") in the County of Morris as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

The Honorable President and Members
of the Board of Education
Wharton Board of Education
Page 3

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

December 14, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020**

This section of Wharton Board of Education's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020**

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

**Figure A-1
Organization of Wharton Board of Education's Financial Report**

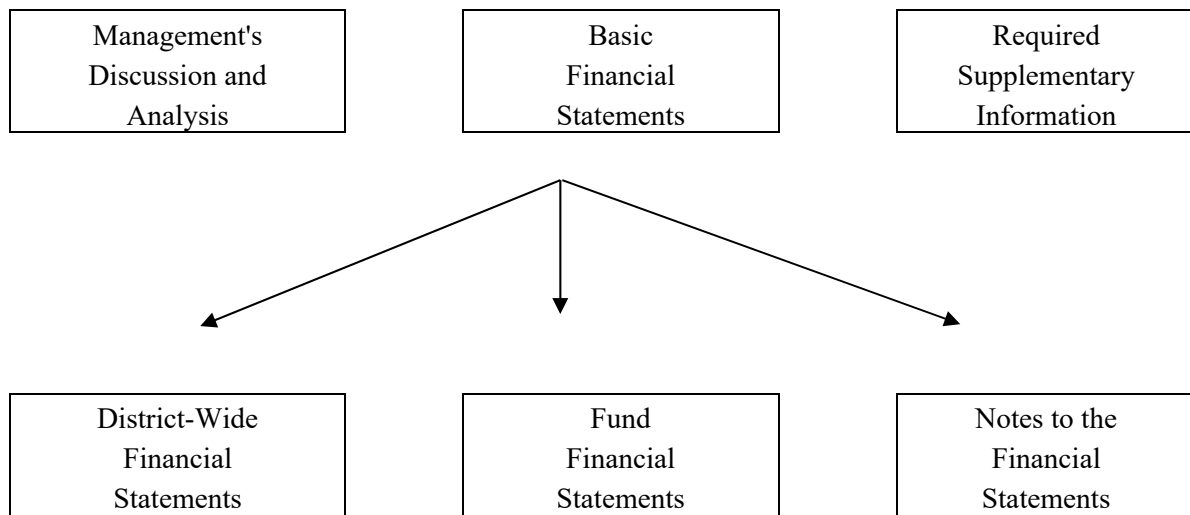


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020**

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

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

Financial Analysis of the District as a Whole

Net position. The District's combined net position increased \$1,607,772. Net position from governmental activities increased \$1,543,394 and net position from business-type activities increased \$64,378. Net investment in capital assets increased \$525,444, restricted net position increased \$1,680,165, and unrestricted net position decreased \$597,837.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2019/20
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
Current/Other Assets	\$ 9,092,642	\$ 7,716,663	\$ 149,005	\$ 84,939	\$ 9,241,647	\$ 7,801,602	
Capital Assets	7,696,065	7,429,066	6,445		7,702,510	7,429,066	
Total Assets	16,788,707	15,145,729	155,450	84,939	16,944,157	15,230,668	11.25%
Deferred Outflows of Resources	328,720	437,605			328,720	437,605	-24.88%
Other Liabilities	476,710	251,087	9,675	5,177	486,385	256,264	
Long-term Liabilities	2,650,495	2,878,543	1,635		2,652,130	2,878,543	
Total Liabilities	3,127,205	3,129,630	11,310	5,177	3,138,515	3,134,807	0.12%
Deferred Inflows of Resources	486,578	493,454			486,578	493,454	-1.39%
Net Position:							
Net Investment in							
Capital Assets	6,781,065	6,262,066	6,445		6,787,510	6,262,066	
Restricted	8,218,533	6,538,368			8,218,533	6,538,368	
Unrestricted/(Deficit)	(1,495,954)	(840,184)	137,695	79,762	(1,358,259)	(760,422)	
Total Net Position	\$ 13,503,644	\$ 11,960,250	\$ 144,140	\$ 79,762	\$ 13,647,784	\$ 12,040,012	13.35%

Changes in Net position. The District's combined net position was \$13,647,784 on June 30, 2020, or 13.35% more than the year before. (See Figure A-3).

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020**

Net investment in capital assets increased \$525,444 due to the maturity of \$252,000 of serial bonds payable and \$881,919 in capital assets additions (net of capital assets disposals), offset by \$608,475 in current year depreciation. Restricted net position increased \$1,680,165 primarily due to an increase in the capital reserve. Unrestricted net position decreased \$597,837 primarily due to the changes in the net pension liability and related deferred outflows and inflows of resources, increase in compensated absences and decrease in funds committed for capital projects.

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2019/20
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
Revenue:							
Program Revenue:							
Fees for Services	\$ 99,901	\$ 140,817	\$ 83,977	\$ 116,731	\$ 183,878	\$ 257,548	-28.60%
Operating Grants/ Contributions	5,034,378	5,223,918	229,743	242,199	5,264,121	5,466,117	-3.70%
General Revenue:							
Property Taxes Unrestricted	9,545,620	9,368,815			9,545,620	9,368,815	1.89%
Federal/State Aid	4,249,757	4,011,533			4,249,757	4,011,533	5.94%
Other	50,010	73,726	581	247	50,591	73,973	-31.61%
Total Revenue	18,979,666	18,818,809	314,301	359,177	19,293,967	19,177,986	0.60%
Expenses:							
Instruction	11,139,761	12,052,549			11,139,761	12,052,549	-7.57%
Pupil/Instruction Services	3,284,498	2,076,414			3,284,498	2,076,414	58.18%
Administration/ Business	1,647,743	1,500,419			1,647,743	1,500,419	9.82%
Maintenance and Operations	1,081,010	862,300			1,081,010	862,300	25.36%
Transportation	247,932	229,219			247,932	229,219	8.16%
Other	35,328	421,917	285,603	378,985	320,931	800,902	-59.93%
Total Expenses	17,436,272	17,142,818	285,603	378,985	17,721,875	17,521,803	1.14%
Other Item			35,680		35,680		100.00%
Increase/(Decrease) in Net Position	\$ 1,543,394	\$ 1,675,991	\$ 64,378	\$ (19,808)	\$ 1,607,772	\$ 1,656,183	-2.92%

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020**

Governmental Activities

The financial position of the District has increased over the course of the year. Through careful budgeting the District has managed to maintain programs including extra-curricular activities, in spite of increased special education, salary and fringe benefit costs.

Careful management of expenses remains essential for the District to sustain its financial health. It is crucial that the District constantly monitors all expenses throughout the fiscal year.

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

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019/20</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2018/19</u>
Instruction	\$ 11,139,761	\$ 12,052,549	\$ 7,500,678	\$ 7,046,973
Pupil and Instruction Services	3,284,498	2,076,414	2,114,520	1,949,178
Administration and Business	1,647,743	1,500,419	1,385,089	1,326,190
Maintenance and Operations	1,081,010	862,300	1,081,010	862,300
Transportation	247,932	229,219	185,368	171,525
Other	35,328	421,917	35,328	421,917
Total	<u>\$ 17,436,272</u>	<u>\$ 17,142,818</u>	<u>\$ 12,301,993</u>	<u>\$ 11,778,083</u>

Business-Type Activities

Net position from the District's business-type activity increased \$64,378. This is primarily attributable to a decrease in Food Service expenses offset by a decrease in Food Service revenue (Refer to Figure A-4).

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020**

Financial Analysis of the District's Funds

Significant changes in the student population and difficult economic times have added pressure to the District's budget. Special education costs continue to escalate with several pupils with disabilities placed in out-of-district programs. These pupils are profoundly disabled and require complex educational and related services our District does not have capacity or personnel to provide.

Fringe benefit costs for all staff continue to increase dramatically.

The District has historically utilized funds from the assigned balance to maintain a 2% tax levy and appropriate funds into the Capital Reserve Fund to continually make upgrades to the buildings.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District will continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Assets

The District's capital assets increased \$273,444. This is due to the increase in construction in progress of \$960,006 and the purchase of \$18,073 of capital assets offset by \$608,475 of current year depreciation and capital assets disposals of \$96,160.

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020**

Capital Assets

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	Change 2019/20
Sites (Land)	\$ 164,279	\$ 164,279			\$ 164,279	\$ 164,279	0.00%
Construction							
in Progress	960,006	18,265			960,006	18,265	5155.99%
Site Improvements	888,034	542,494			888,034	542,494	63.69%
Buildings/Bldg. Improvements	5,640,572	6,661,627			5,640,572	6,661,627	-15.33%
Furniture, Machinery & Equipment	43,174	42,401	\$ 6,445		49,619	42,401	17.02%
Total	\$ 7,696,065	\$ 7,429,066	\$ 6,445	\$ -0-	\$ 7,702,510	\$ 7,429,066	3.68%

Long-term Liabilities

The District's long-term liabilities decreased \$226,413 or 7.87% as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

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

	Total School District		Percentage
	2019/20	2018/19	Change 2019/20
General Obligation Bonds (Financed with Property Taxes)	\$ 915,000	\$ 1,167,000	-21.59%
Net Pension Liability	1,284,794	1,371,765	-6.34%
Compensated Absences Payable	452,336	339,778	33.13%
	\$ 2,652,130	\$ 2,878,543	-7.87%

- The District continued to pay down its debt, retiring \$252,000 of outstanding bonds.
- Net Pension Liability decreased by \$86,971.
- Compensated Absences increased by \$112,558 during the year.

Factors Bearing on the District's Future

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

- The District's enrollment slightly increased during the current year, which could potentially lead to a increase in state aid in the future.
- Pandemic related purchases, staffing, and services are additional factors which will bear on the District's future.

**Wharton Board of Education
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2020**

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 137 East Central Avenue, Wharton, New Jersey 07885.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WHARTON BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,903,106	\$ 128,340	\$ 2,031,446
Receivable from State Government	219,089	117	219,206
Receivable from Federal Government	88,108	12,118	100,226
Receivable from Other Governments	18,879		18,879
Other Accounts Receivable	1,081		1,081
Inventories		8,430	8,430
Restricted Cash and Cash Equivalents	6,862,379		6,862,379
Capital Assets, Net:			
Sites (Land) and Construction in Progress	1,124,285		1,124,285
Depreciable Site Improvements, Buildings, Building Improvements and Furniture, Machinery and Equipment	<u>6,571,780</u>	<u>6,445</u>	<u>6,578,225</u>
Total Assets	<u>16,788,707</u>	<u>155,450</u>	<u>16,944,157</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	<u>328,720</u>		<u>328,720</u>
Total Deferred Outflows of Resources	<u>328,720</u>		<u>328,720</u>
LIABILITIES			
Accounts Payable	133,580		133,580
Payable to State Government	2,870		2,870
Unearned Revenue	340,260	9,675	349,935
Noncurrent Liabilities:			
Due Within One Year	247,885		247,885
Due Beyond One Year	<u>2,402,610</u>	<u>1,635</u>	<u>2,404,245</u>
Total Liabilities	<u>3,127,205</u>	<u>11,310</u>	<u>3,138,515</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	<u>486,578</u>		<u>486,578</u>
Total Deferred Inflows of Resources	<u>486,578</u>		<u>486,578</u>

WHARTON BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 6,781,065	\$ 6,445	\$ 6,787,510
Restricted for:			
Capital Projects	6,022,367		6,022,367
Debt Service	16,154		16,154
Maintenance	590,012		590,012
Emergency	250,000		250,000
Excess Surplus	1,340,000		1,340,000
Unrestricted/(Deficit)	<u>(1,495,954)</u>	<u>137,695</u>	<u>(1,358,259)</u>
Total Net Position	<u>\$ 13,503,644</u>	<u>\$ 144,140</u>	<u>\$ 13,647,784</u>

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

WHARTON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 7,241,936	\$ 99,901	\$ 1,741,554	\$ (5,400,481)		\$ (5,400,481)
Special Education	3,407,458		1,687,667	(1,719,791)		(1,719,791)
Other Instruction	490,367		109,961	(380,406)		(380,406)
Support Services:						
Tuition	359,002			(359,002)		(359,002)
Student & Instruction Related Services	2,925,496		1,169,978	(1,755,518)		(1,755,518)
General Administration Services	603,181		104,844	(498,337)		(498,337)
School Administration Services	559,754		105,328	(454,426)		(454,426)
Central Services	339,335		52,482	(286,853)		(286,853)
Administrative Information Technology	145,473			(145,473)		(145,473)
Plant Operations and Maintenance	1,081,010			(1,081,010)		(1,081,010)
Pupil Transportation	247,932		62,564	(185,368)		(185,368)
Interest on Long-Term Debt	19,779			(19,779)		(19,779)
Charter School	11,147			(11,147)		(11,147)
Capital Outlay	4,402			(4,402)		(4,402)
Total Governmental Activities	17,436,272	99,901	5,034,378	(12,301,993)		(12,301,993)

WHARTON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 285,603	\$ 83,977	\$ 229,743		\$ 28,117	\$ 28,117
Total Business-Type Activities	285,603	83,977	229,743		28,117	28,117
Total Primary Government	\$ 17,721,875	\$ 183,878	\$ 5,264,121	\$ (12,301,993)	28,117	(12,273,876)

General Revenue and Other Items:

Taxes:						
Property Taxes, Levied for General Purposes, Net				9,346,641		9,346,641
Taxes Levied for Debt Service				198,979		198,979
Federal and State Aid not Restricted				4,249,757		4,249,757
Investment Earnings				47,812	581	48,393
Miscellaneous Income				2,198		2,198
Cancellation of Prior Year Interfund					35,680	35,680
Total General Revenue				13,845,387	36,261	13,881,648
Change in Net Position				1,543,394	64,378	1,607,772
Net Position - Beginning				11,960,250	79,762	12,040,012
Net Position - Ending				\$ 13,503,644	\$ 144,140	\$ 13,647,784

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

FUND FINANCIAL STATEMENTS

WHARTON BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 1,647,230	\$ 217,463	\$ 22,259	\$ 16,154	\$ 1,903,106
Receivables from Federal Government		88,108			88,108
Receivables from State Government	216,047	3,042			219,089
Receivable from Other Governments	18,879				18,879
Other Accounts Receivable	1,081				1,081
Restricted Cash and Cash Equivalents	6,862,379				6,862,379
Total Assets	\$ 8,745,616	\$ 308,613	\$ 22,259	\$ 16,154	\$ 9,092,642
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable		\$ 53,580			\$ 53,580
Payable to State Government		2,870			2,870
Unearned Revenue		340,260			340,260
Total Liabilities		396,710			396,710
Fund Balances:					
Restricted for:					
Capital Reserve Account	\$ 6,022,367				6,022,367
Maintenance Reserve Account	590,012				590,012
Emergency Reserve Account	250,000				250,000
Excess Surplus for 2021-2022	670,000				670,000
Excess Surplus for 2020-2021	670,000				670,000
Debt Service Fund				\$ 16,154	16,154
Committed			\$ 22,259		22,259
Assigned:					
Other Purposes	222,812				222,812
Additional - Designated for Subsequent Year's Expenditures	320,425				320,425
Unassigned/(Deficit)		(88,097)			(88,097)
Total Fund Balances/ (Deficit)	8,745,616	(88,097)	22,259	16,154	8,695,932
Total Liabilities and Fund Balances	\$ 8,745,616	\$ 308,613	\$ 22,259	\$ 16,154	\$ 9,092,642

WHARTON BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

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

Total Fund Balances - Governmental Funds (Above)	\$ 8,695,932
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	7,696,065
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(1,365,701)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(1,284,794)
Certain amounts related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and not reported in the Governmental Funds.	<u>(237,858)</u>
Net Position of Governmental Activities	<u><u>\$ 13,503,644</u></u>

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

WHARTON BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 9,346,641			\$ 198,979	\$ 9,545,620
Tuition from Other LEA's	99,901				99,901
Interest on Capital Reserve	22,268				22,268
Investment Interest	25,544				25,544
Miscellaneous	2,198				2,198
Total - Local Sources	<u>9,496,552</u>			<u>198,979</u>	<u>9,695,531</u>
State Sources	7,175,845	\$ 580,779		72,800	7,829,424
Federal Sources	29,157	665,373			694,530
Total Revenue	<u>16,701,554</u>	<u>1,246,152</u>		<u>271,779</u>	<u>18,219,485</u>
EXPENDITURES:					
Instruction:					
Regular Instruction	4,143,452	252,124			4,395,576
Special Education Instruction	1,811,963	195,911			2,007,874
Other Instruction	269,347				269,347
Support Services and Undistributed Costs:					
Tuition	359,002				359,002
Student & Instruction Related Services	1,415,381	842,322			2,257,703
General Administration Services	345,233				345,233
School Administration Services	370,315				370,315
Central Services	261,807				261,807
Administrative Information Technology	115,063				115,063
Plant Operations and Maintenance	941,137				941,137
Pupil Transportation	229,968				229,968
Unallocated Benefits	4,258,790				4,258,790

WHARTON BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Capital Outlay	\$ 4,402		\$ 960,006		\$ 964,408
Debt Service:				\$ 252,000	252,000
Principal				19,779	19,779
Interest and Other Charges	11,147				11,147
Transfer of Funds to Charter Schools	14,537,007	\$ 1,290,357	960,006	271,779	17,059,149
Total Expenditures	2,164,547	(44,205)	(960,006)		1,160,336
Excess/(Deficiency) of Revenue over/(under) Expenditures					
OTHER FINANCING SOURCES/(USES):					
Transfer In			14,315		14,315
Transfer Out	(14,315)				(14,315)
Total Other Financing Sources/(Uses)	(14,315)		14,315		
Net Change in Fund Balances	2,150,232	(44,205)	(945,691)		1,160,336
Fund Balance/(Deficit)—July 1	6,595,384	(43,892)	967,950	16,154	7,535,596
Fund Balance/(Deficit)—June 30	\$ 8,745,616	\$ (88,097)	\$ 22,259	\$ 16,154	\$ 8,695,932

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

WHARTON BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUE, 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) \$ 1,160,336

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:

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

	Depreciation Expense	\$ (607,759)
	Disposal of Assets, Net of Accumulated Depreciation	(96,160)
	Capital Outlays	970,918
		266,999

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year.

In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)

(110,923)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)

252,000

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

Change in Net Pension Liability	86,971
Changes in Deferred Outflows and Inflows Related to Pensions	(111,989)

Change in Net Position - Governmental Activities (from A-2)

\$ 1,543,394

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

WHARTON BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 128,340
Intergovernmental Accounts Receivable:	
Federal	12,118
State	117
Inventories	<u>8,430</u>
Total Current Assets	<u>149,005</u>
Non-Current Assets:	
Capital Assets	49,961
Less: Accumulated Depreciation	<u>(43,516)</u>
Total Non-Current Assets	<u>6,445</u>
Total Assets	<u>155,450</u>
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Prepaid Sales	6,023
Unearned Revenue - Donated Commodities	3,652
Total Current Liabilities	<u>9,675</u>
Non-Current Liabilities:	
Compensated Absences Payable	<u>1,635</u>
Total Liabilities	<u>11,310</u>
NET POSITION:	
Net Investment in Capital Assets	6,445
Unrestricted	<u>137,695</u>
Total Net Position	<u>\$ 144,140</u>

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

WHARTON BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 80,618
Daily Sales - Non-reimbursable Programs	3,359
	83,977
Total Operating Revenue	83,977
Operating Expenses:	
Cost of Sales - Reimbursable Programs	143,050
Cost of Sales - Non-Reimbursable Programs	5,960
Salaries	95,555
Benefits & Payroll Taxes	20,633
Management Fee	10,000
Miscellaneous Expenses	9,689
Depreciation Expense	716
	285,603
Total Operating Expenses	285,603
Operating (Loss)	(201,626)
Non-Operating Income:	
Local Sources:	
Interest Income	581
State Sources:	
State School Lunch Program	3,074
Seamless Summer Option	369
Federal Sources:	
National School Breakfast Program	29,187
National School Lunch Program	136,991
Seamless Summer Option	37,823
Food Distribution Program	22,299
	230,324
Total Non-Operating Income	230,324
Change in Net Position Before Other Items	28,698
Other Items:	
Cancellation of Prior Year Interfund Payable	35,680
	64,378
Change in Net Position	64,378
Net Position - Beginning of Year	79,762
	144,140
Net Position - End of Year	\$ 144,140

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

WHARTON BOARD OF EDUCATION
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	\$ 85,831
Payments to Employees	(27,285)
Payments to Food Service Vendor	(226,662)
Payments to Suppliers	(9,452)
	(177,568)
Net Cash Used for Operating Activities	
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(7,161)
	(7,161)
Net Cash Used for Capital and Related Financing Activities	
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interest Revenue	581
State Sources:	
State School Lunch Program	3,318
Seamless Summer Program	252
Federal Sources:	
National School Lunch Program	147,209
School Breakfast Program	31,548
Seamless Summer Program	25,854
Interfund Returned - General Fund	27,715
	236,477
Net Cash Provided by Noncapital Financing Activities	
Net Increase in Cash and Cash Equivalents	51,748
Cash and Cash Equivalents, July 1	76,592
Cash and Cash Equivalents, June 30	\$ 128,340
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (201,626)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	716
Food Distribution Program	22,299
Changes in Assets and Liabilities:	
(Decrease) in Inventory	(5,090)
Increase in Unearned Revenue - Donated Commodities	2,644
Increase in Compensated Absences Payable	1,635
Increase in Unearned Revenue - Prepaid Sales	1,854
	(177,568)
Net Cash Used for Operating Activities	

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received USDA Donated Commodities through the Food Distribution Program valued at \$24,943 and utilized U.S.D.A Commodities valued at \$22,299 for the fiscal year ended June 30, 2020.

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

WHARTON BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Agency</u>		<u>Unemployment Compensation Trust</u>	<u>Total</u>
	<u>Student Activities</u>	<u>Payroll</u>		
ASSETS:				
Cash and Cash Equivalents	\$ 30,639	\$ 242,524	\$ 1,018,203	\$ 1,291,366
Total Assets	<u>30,639</u>	<u>242,524</u>	<u>1,018,203</u>	<u>1,291,366</u>
LIABILITIES:				
Net Payroll		8,112		8,112
Payroll Deductions and Withholdings		234,412		234,412
Due to Student Groups	<u>30,639</u>			<u>30,639</u>
Total Liabilities	<u>30,639</u>	<u>242,524</u>		<u>273,163</u>
NET POSITION:				
Held in Trust for Unemployment Claims			<u>1,018,203</u>	<u>1,018,203</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,018,203</u>	<u>\$ 1,018,203</u>

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

WHARTON BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Members	\$ 12,230
Total Contributions	<u>12,230</u>
Investment Earnings:	
Interest	5,644
Net Investment Earnings	<u>5,644</u>
Total Additions	<u>17,874</u>
DEDUCTIONS:	
Unemployment Compensation Claims	<u>5,401</u>
Total Deductions	<u>5,401</u>
Change in Net Position	12,473
Net Position - Beginning of the Year (Restated)	<u>1,005,730</u>
Net Position - End of the Year	<u><u>\$ 1,018,203</u></u>

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

B. Basis of Presentation: (Cont'd)

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

The Capital Projects budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants. Grants are recognized in full the year the grants are awarded on the budgetary basis; but, are not recognized on the GAAP basis until they are expended and submitted for reimbursement.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 16,731,045	\$ 1,300,890
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP basis does not.		
Prior Year Encumbrances		69
Current Year Encumbrances		(10,602)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	451,999	43,892
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(481,490)</u>	<u>(88,097)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 16,701,554</u>	<u>\$ 1,246,152</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 14,537,007	\$ 1,300,890
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.		<u>(10,533)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 14,537,007</u>	<u>\$ 1,290,357</u>

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

	Capital Projects Fund
Committed Fund Balance - Budgetary Basis	\$ 38,525
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on GAAP Basis	(16,266)
Fund Balance per Governmental Funds (GAAP)	\$ 22,259

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

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

N.J.S.A. 17:9-41 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 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 of 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 the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

F. Interfund Transactions: (Cont'd)

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

K. Capital Assets:

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

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

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

	Estimated Useful Life
Buildings and Building Improvements	50 years
Site Improvements	20 years
Furniture, Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after ten years of service. These employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's applicable employee contracts/agreements.

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$8,745,616 General Fund balance at June 30, 2020, \$222,812 is assigned for year end encumbrances; \$320,425 is additional assigned fund balance – designated for subsequent year's expenditures, which is \$58,044 less than the budgetary year end fund balance due to the final two state aid payments which are not recognized until the following fiscal year; \$6,022,367 is restricted in the capital reserve account; \$590,012 is restricted in the maintenance reserve account; \$250,000 is restricted in the emergency reserve account; \$670,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, C.73(S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2022; \$670,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the year ended June 30, 2021; and \$-0- is unassigned which is \$423,446 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2021.

Capital Projects Fund: The \$22,259 fund balance in the Capital Projects Fund at June 30, 2020 is committed.

Special Revenue Fund: There is a (\$88,097) deficit in unassigned fund balance in the Special Revenue Fund at June 30, 2020. The deficit is due to the last two state aid payments, which are not recognized on a GAAP basis until the fiscal year ended June 30, 2020.

Debt Service Fund: The \$16,154 fund balance in the Debt Service Fund at June 30, 2020 is restricted.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

P. Fund Balance Appropriated (Cont'd):

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2020 as noted on the prior page.

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources related to pensions at June 30, 2020.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

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

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Q. Net Position: (Cont'd)

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

R. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for excess surplus, a capital reserve, an emergency reserve, a maintenance reserve and debt service.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2020.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated to subsequent year's expenditures in the General Fund at June 30, 2020.

S. Deficit Fund Balance/Net Position:

The District has a deficit in the unrestricted net position of \$1,495,954 in its governmental activities, which is primarily due to deferred inflows, outflows and liabilities related to pensions and compensated absences. The District has a \$88,097 deficit fund balance in the Special Revenue Fund due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2021. These deficits do not indicate that the District is in financial difficulties and are a permitted practice under generally accepted accounting principles.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Credit Risk – The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

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

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

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

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

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Investments: (Cont.)

- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents			Total
		Capital Reserve	Maintenance Reserve	Emergency Reserve	
Checking & Savings Accounts New Jersey Cash Management Fund	\$ 3,313,822	\$ 6,022,367	\$ 590,012	\$ 250,000	\$ 10,176,201
	8,990				8,990
	\$ 3,322,812	\$ 6,022,367	\$ 590,012	\$ 250,000	\$ 10,185,191

During the period ended June 30, 2020, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$10,185,191 and the bank balance was \$10,781,872. The \$8,990 balance in the New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board 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.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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

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

Balance at June 30, 2019		\$ 4,343,114
Increased By Board Resolution June 25, 2020	\$ 1,671,300	
Interest Earned	<u>22,268</u>	
		<u>1,693,568</u>
		6,036,682
Withdrawal by Board Resolution - Transfer to Capital Projects Fund	<u>(14,315)</u>	
		<u>(14,315)</u>
Balance at June 30, 2020		<u><u>\$ 6,022,367</u></u>

The balance in the capital reserve account at June 30, 2020 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP"). The withdrawal from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Balance 6/30/2019	Increases	Adjustments/ Decreases	Balance 6/30/2020
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 164,279			\$ 164,279
Construction in Progress	18,265	\$ 960,006	\$ (18,265)	960,006
Total Capital Assets not Being Depreciated	182,544	960,006	(18,265)	1,124,285
Capital Assets Being Depreciated:				
Site Improvements	985,373		416,809	1,402,182
Buildings and Building Improvements	12,471,102		(494,704)	11,976,398
Machinery and Equipment	192,441	10,912	(42,800)	160,553
Total Capital Assets Being Depreciated	13,648,916	10,912	(120,695)	13,539,133
Governmental Activities Capital Assets	13,831,460	970,918	(138,960)	14,663,418
Less Accumulated Depreciation for:				
Site Improvements	(442,879)	(71,269)		(514,148)
Buildings and Building Improvements	(5,809,475)	(526,351)		(6,335,826)
Machinery and Equipment	(150,040)	(10,139)	42,800	(117,379)
Total Accumulated Depreciation	(6,402,394)	(607,759)	42,800	(6,967,353)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 7,429,066	\$ 363,159	\$ (96,160)	\$ 7,696,065
	Balance 6/30/2019	Increases	Adjustments/ Decreases	Balance 6/30/2020
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 42,800	\$ 7,161		\$ 49,961
Less Accumulated Depreciation	(42,800)	(716)		(43,516)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	- 0 -	6,445	\$ - 0 -	6,445
GRAND TOTAL	\$ 7,429,066	\$ 369,604	\$ (96,160)	\$ 7,702,510

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$	255,268
Special Education		115,507
Other Instruction		17,964
Support Services		85,365
General Administration		24,364
School Admin		18,339
Central Services		12,228
Administrative Information Technology		6,135
Maintenance/Custodial		54,625
Pupil Transportation		17,964
	<u>\$</u>	<u>607,759</u>

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2020, the District did not transfer any funds to capital outlay accounts.

NOTE 7. LONG-TERM LIABILITIES:

During the fiscal year ended June 30, 2020, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2019</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2020</u>
Compensated Absences Payable	\$ 339,778	\$ 143,870	\$ 31,312	\$ 452,336
Net Pension Liability	1,371,765		86,971	1,284,794
Bonds Payable	1,167,000		252,000	915,000
	<u>\$ 2,878,543</u>	<u>\$ 143,870</u>	<u>\$ 370,283</u>	<u>\$ 2,652,130</u>

A. Bonds Payable:

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

The District has bonds outstanding as of June 30, 2020 as follows:

<u>Purpose</u>	<u>Final</u> <u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
School Refunding Bonds	7/1/2023	1.900%	<u>\$ 915,000</u>

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

A. Bonds Payable: (Cont'd)

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

Fiscal Year Ending June 30,	Bonds		Total
	Principal	Interest	
2021	\$ 242,000	\$ 15,086	\$ 257,086
2022	231,000	10,593	241,593
2023	226,000	6,251	232,251
2024	216,000	2,052	218,052
	<u>\$ 915,000</u>	<u>\$ 33,982</u>	<u>\$ 948,982</u>

On April 30, 2015, the Wharton Board of Education issued \$1,996,000 refunding bonds with an interest rate of 1.90% to advance refund \$1,930,000 school bonds with interest rates of 3.75% to 4.00%. The refunding bonds mature on July 1, 2015 through 2024. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements. As a result of the refunding, the District reduced its total debt service requirement by \$147,359, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$135,916, or a 6.809% net present value savings.

B. Bonds Authorized But Not Issued:

As of June 30, 2020, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

The District did not have any capital leases payable at June 30, 2020.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability and will be liquidated through the General Fund. The current portion of the compensated absences balance of the governmental funds in the current year is \$5,885 and \$444,816 represents the long-term liability balance of compensated absences.

The \$1,635 compensated absences liability in the District's Enterprise Fund is long-term.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$- and the long-term portion is \$1,284,794. See Note 8 for further information on the PERS.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$70,208 for fiscal year 2020.

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

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

At June 30, 2020, the District reported a liability of \$1,284,794 for its proportionate share of the 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 July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.0071%, which was an increase of 0.0001% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$94,562. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 3,395	
	2015	5.72	20,995	
	2016	5.57	103,901	
	2017	5.48		\$ 184,437
	2018	5.63		149,042
	2019	5.21		112,469
				<u>128,291</u>
Changes in Proportion	2014	6.44	12,361	
	2015	5.72		14,468
	2016	5.57		205
	2017	5.48	36,480	
	2018	5.63	18,614	
	2019	5.21	29,914	
				<u>97,369</u>
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments	2016	5.00		(23,714)
	2017	5.00		28,458
	2018	5.00		19,795
	2019	5.00		(4,258)
				<u>20,281</u>
Difference Between Expected and Actual Experience	2015	5.72	5,825	
	2016	5.57	3,153	
	2017	5.48	5,485	
	2018	5.63		5,676
	2019	5.21	8,597	
			<u>23,060</u>	<u>5,676</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	80,000	
			<u>\$ 328,720</u>	<u>\$ 486,578</u>

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (37,099)
2021	(120,350)
2022	(107,464)
2023	(50,460)
2024	(5,181)
	\$ (320,554)

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:

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%

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 table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 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, 2014 to June 30, 2018.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

In accordance with State statute, the long-term expected rate of return on pension 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' 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 Management 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 Market Equit	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 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 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 1,622,904	\$ 1,284,794	\$ 999,889

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

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. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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 with 25 or more years of service credit before age 62 and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2020, the State of New Jersey contributed \$1,222,015 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,043,412.

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$34,644,272. 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 July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.0565%, which was an increase of 0.0008% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>34,644,272</u>
Total	\$	<u><u>34,644,272</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$2,043,412 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 768,874,621	
	2015	8.30	2,351,172,865	
	2016	8.30	5,609,216,856	
	2017	8.30		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
				<u>8,729,264,342</u>
Difference Between Expected and Actual Experience	2014	8.50		7,323,009
	2015	8.30	145,211,243	
	2016	8.30		69,755,412
	2017	8.30	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
				<u>1,203,503,264</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(431,855,192)
	2017	5.00		452,016,524
	2018	5.00		288,091,115
	2019	5.00		(144,882,771)
			<u>\$ 9,932,767,606</u>	<u>\$ 17,539,845,423</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows: will be amortized over 5 years.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	\$ (7,607,077,817)

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%

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

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

Long Term Expected Rate of Return

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 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 Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on pension 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.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 40,853,265	\$ 34,644,272	\$ 29,492,769

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$19,536 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$32,335 for the fiscal year ended June 30, 2020.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health benefit coverage through the NJ State Health Benefits Plan.

Property and Liability

The District maintains coverage for student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of School Alliance Insurance Fund ("SAIF") and the New Jersey Schools Insurance Group ("NJSIG"). The SAIF provides the District with comprehensive general liability, automobile liability, property, and boiler and machinery insurance. The NJSIG provides the District with workers' compensation insurance.

The SAIF and NJSIG are risk-sharing public entity risk pools that are insured and self-administered groups of school districts established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the SAIF and NJSIG are elected.

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

Selected, summarized financial information for the SAIF and NJSIG as of June 30, 2020 is as follows:

	<u>NJ Schools Insurance Group</u>	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 388,055,408	\$ 51,526,293
Net Position	\$ 139,233,105	\$ 20,539,909
Total Revenue	\$ 144,445,665	\$ 43,264,716
Total Expenses	\$ 113,037,156	\$ 41,642,794
Change in Net Position	\$ 31,408,509	\$ 1,621,922
Members Dividends	\$ - 0 -	\$ - 0 -

Financial statements for the SAIF and NJSIG are available at their respective Executive Director's Office:

SAIF:
 Risk and Loss Managers Inc.
 51 Everett Drive Suite 40B
 West Windsor, NJ 08550
 (609) 275-1140

NJSIG:
 6000 Midlantic Drive
 Suite 300 North
 Mount Laurel, New Jersey 08054
 (609) 386-6060

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of interest earnings and 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	\$ 5,644	\$ 12,230	\$ 5,401	\$1,018,203
2018-2019	240,052	12,360	21,484	1,005,730
2017-2018	303,005	12,017		774,802

NOTE 10. ECONOMIC DEPENDENCY

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

NOTE 11. DEFERRED COMPENSATION

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

AXA Equitable	Lincoln National Insurance
Metropolitan Life Insurance	VALIC

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. CONTINGENT LIABILITIES

Litigation

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

Grant Programs

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

Arbitrage

The District is not subject to liability for arbitrage payable to the federal government relative to its \$1,996,000 Refunding School Bonds dated April 30, 2015 as the District is considered a small issuer with debt under \$15,000,000.

Encumbrances

At June 30, 2020, there were encumbrances as detailed below in the governmental funds.

	Governmental Activities		
	General Fund	Special Revenue Fund	Total Governmental Funds
Vendors	\$ 222,812	\$ 10,602	\$ 233,414

On the District's Governmental Funds Balance Sheet as of June 30, 2020, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$10,602 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 13. TAX CALENDAR

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

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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 14. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$104,000 was established by inclusion of \$104,000 in the 2009-2010 budget. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building. Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year’s budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account.

In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District’s school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year’s budget.

The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Balance at June 30, 2019	\$	590,012
Balance at June 30, 2020	\$	<u>590,012</u>

NOTE 15. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution by inclusion of \$250,000 for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated General Fund expenditures required for a through and efficient education. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the General Fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution between June 1st and June 30th of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school improvements pursuant to N.J.S.A. 18A:7G-6(c)1. The balance as of June 30, 2020 is \$250,000.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2020:

	<u>Governmental Funds</u>	<u>District Contribution</u>	<u>Total Governmental Activities</u>
	<u>Special Revenue Fund</u>	<u>Subsequent to the Measurement Date</u>	
Vendors	\$ 53,580		\$ 53,580
State of New Jersey		\$ 80,000	80,000
	<u>\$ 53,580</u>	<u>\$ 80,000</u>	<u>\$ 133,580</u>

Note 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Note 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont.)

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	216,892
Total	364,943

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

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 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

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Note 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB).(Cont.)

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

Actuarial Assumptions and Other Inputs (Cont'd)

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

Mortality Rates

Pre-retirement 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. Post-retirement 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.

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 is reflected. The assumed post-65 medical trend rate 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 rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Note 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB). (Cont.)

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

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

	Total OPEB Liability
Balance at June 30, 2018	\$ 21,669,296
Changes for Year:	
Service Cost	816,826
Interest on the Total OPEB Liability	858,804
Difference between Expected and Actual Experiences	(3,064,560)
Changes of Assumptions	297,949
Gross Benefit Payments by the State	(613,421)
Contributions from Members	18,184
Net Changes	(1,686,218)
Balance at June 30, 2019	\$ 19,983,078

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 23,607,912	\$ 19,983,078	\$ 17,103,709

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Note 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB). (Cont.)

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 16,465,166	\$ 19,983,078	\$ 24,640,072

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$400,255 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 2,326,433
Changes in Assumptions	2018	9.51		2,001,048
	2019	9.29	\$ 265,877	
			265,877	4,327,482
Differences Between Expected and Actual Experience	2018	9.51		1,891,613
	2019	9.29		3,129,391
				5,021,004
Changes in Proportion	N/A	N/A	485,869	980,895
			\$ 751,746	\$ 10,329,381

N/A - Not Available

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Note 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB).(Cont.)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Cont'd)

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

Fiscal Year Ending June 30,	Total
2020	\$ (1,219,472)
2021	(1,219,472)
2022	(1,219,472)
2023	(1,219,472)
2024	(1,219,472)
Thereafter	(2,985,249)
	\$ (9,082,609)

Note 18. TAX ABATEMENTS

As of December 31, 2019, the Borough of Wharton provides a tax abatement to a redeveloper for its 248 residential apartment unit property in the Borough pursuant to N.J.S.A 40A:20-1 et seq., the Long Term Tax Exemption Law, and a financial agreement between the Borough and the redeveloper. The agreement is for a period of 30 years. 2011 was the first year in which the payments under this agreement was effective. In consideration of the Borough granting the redeveloper this tax abatement the developer will be required to pay to the Borough an annual service charge as follows: Stage One (years 1-15) – the annual service charge will be the greater of the minimum annual service charge or 10% of gross revenue; Stage Two (years 16-21) – the annual service charge as defined in Stage One or 20% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 3 (years 22-27) – the annual service charge as defined in Stage One or 40% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 4 (years 28-29) – the annual service charge as defined in Stage One or 60% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 5 (year 30) – the annual service charge as defined in Stage One or 80% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater.

The minimum annual service charge per the agreement shall be the amount of total taxes levied against all real property in the area covered under this tax abatement in the last full tax year in which that area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the other provisions of the financial agreement would result in less than the minimum annual service charge being paid. In the event that the net profits on the redevelopment property exceed the allowable net profits for such period the redeveloper shall pay such excess net profits to the Borough as an additional service charge. Additionally, the Borough shall remit to the County of Morris on a quarterly basis, 5% of the Annual Service Charge received from the redeveloper in accordance with N.J.S.A. 40A:20-12b. The Borough recognized revenue in the amount of \$516,034 from this annual service charge or payment in lieu of taxes recorded as miscellaneous revenue not anticipated in the Current Fund. The taxes which would have been paid on this property for 2019 without the abatement would have been \$988,749 of which 434,101 would have been for the local District school tax.

WHARTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

Note 18. TAX ABATEMENTS (Cont'd)

In the event that the redeveloper fails to make the required Annual Service Charge payment within the required period of time which would constitute a breach of the agreement, the Borough has the right as one of the allowable remedies to proceed against the redeveloper pursuant to the In-Rem Foreclosure Act. Upon the termination or expiration of this agreement the property under this agreement shall be assessed and taxed as applicable to other taxable property within the Borough.

Note 19. PRIOR PERIOD ADJUSTMENT

The District made a prior year adjustment in the Fund Financial Statements to recognize board contribution to the Unemployment Compensation Trust as of June 30, 2019. As a result, the Fund Financial Statements as of June 30, 2019 have been restated as follows:

	Balance 6/30/19 as Previously Reported	Retroactive Adjustments	Balance 6/30/19 as Restated
<u>Statement of Fiduciary Net Position:</u>			
<u>Unemployment Compensation Trust:</u>			
Net Position - end of year	\$ 772,678	\$ 233,052	\$ 1,005,730

NOTE 20. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

The District's Food Service Enterprise Fund likely will be impacted by COVID-19 for the fiscal year ending June 30, 2021. The District serves more than 50 percent free and reduced meals to students and qualified for the SSO waiver allowing all students to receive free meals. The 2020-2021 school year is beginning with 180 students fully remote and the remainder of the students attending a hybrid schedule with A and B days and Monday a flex day (no students). This has dramatically reduced the revenue in the Cafeteria while expenses have increased for additional supplies to provide Grab-n-go meals.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0070699927%	0.0064729489%	0.0064692621%	0.0068389966%	0.0069669858%	0.0071304218%
District's proportionate share of the net pension liability	\$ 1,323,696	\$ 1,453,047	\$ 1,916,010	\$ 1,592,009	\$ 1,371,765	\$ 1,284,794
District's covered employee payroll	415,449	423,928	458,576	421,918	374,542	490,840
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	318.62%	342.76%	417.82%	377.33%	366.25%	261.75%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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

WHARTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 58,284	\$ 55,650	\$ 58,632	\$ 65,685	\$ 70,022	\$ 70,208
Contributions in relation to the contractually required contribution	(58,284)	(55,650)	(58,632)	(65,685)	(70,022)	(70,208)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 423,928	\$ 458,576	\$ 421,918	\$ 374,542	\$ 490,840	\$ 530,714
Contributions as a percentage of covered employee payroll	13.75%	12.14%	13.90%	17.54%	14.27%	13.23%

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

WHARTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	5.3181504500%	0.0496142880%	0.0536104240%	0.0558708368%	0.0556483733%	0.0564506103%
State's proportionate share of the net pension liability attributable to the District	\$ 28,423,783	\$ 31,358,349	\$ 42,173,373	\$ 37,670,151	\$ 35,402,298	\$ 34,644,272
District's covered employee payroll	\$ 5,176,770	\$ 5,282,418	\$ 5,608,402	\$ 5,638,943	\$ 5,956,268	\$ 5,871,431
State's proportionate share of the net pension liability attributable to the district as a percentage of the District's covered employee payroll	549.06%	593.64%	751.97%	668.04%	594.37%	590.05%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

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

WHARTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
TEACHERS' PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 1,529,466	\$ 1,914,710	\$ 3,168,742	\$ 2,609,597	\$ 2,063,830	\$ 2,043,412
Contributions in relation to the contractually required contribution	(268,233)	(429,226)	(604,464)	(819,504)	(1,110,248)	(1,222,015)
Contribution deficiency/(excess)	<u>\$ 1,261,233</u>	<u>\$ 1,485,484</u>	<u>\$ 2,564,278</u>	<u>\$ 1,790,093</u>	<u>\$ 953,582</u>	<u>\$ 821,397</u>
District's covered employee payroll	\$ 5,282,418	\$ 5,608,402	\$ 5,638,943	\$ 5,956,268	\$ 5,871,431	\$ 6,145,514
Contributions as a percentage of covered employee payroll	5.08%	7.65%	10.72%	13.76%	18.91%	19.88%

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

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

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 1,137,954	\$ 947,043	\$ 816,826
Interest on the Total OPEB Liability	833,055	965,390	858,804
Difference between Expected and Actual Experiences		(3,493,475)	(3,064,560)
Changes in Assumptions	(3,471,269)	(2,486,660)	297,949
Contributions from Members	22,428	20,026	18,184
Gross Benefit Payments by the State	(609,080)	(579,429)	(613,421)
Net Change in Total OPEB Liability	(2,086,912)	(4,627,105)	(1,686,218)
Total OPEB Liability - Beginning	28,383,313	26,296,401	21,669,296
Total OPEB Liability - Ending	<u>\$ 26,296,401</u>	<u>\$ 21,669,296</u>	<u>\$ 19,983,078</u>
District's Covered Employee Payroll *	\$ 5,706,346	\$ 6,066,978	\$ 6,060,861
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	357%	330%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 census data.

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

WHARTON BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

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

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

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

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

WHARTON BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

C. State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

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

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

WHARTON BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

C. State Health Benefit Local Education Retired Employees OPEB Plan (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement 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. Post-retirement 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 health care trend rates in the valuation as of June 30, 2018 were based on the following:

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

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

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 is reflected. The assumed post-65 medical trend rate 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 rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

WHARTON 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
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 9,346,641		\$ 9,346,641	\$ 9,346,641	
Tuition	120,000		120,000	99,901	\$ (20,099)
Interest on Capital Reserve	300		300	22,268	21,968
Interest on Maintenance Reserve	300		300		(300)
Miscellaneous	36,300		36,300	27,742	(8,558)
Total - Local Sources	9,503,541		9,503,541	9,496,552	(6,989)
State Sources:					
Equalization Aid	3,452,437		3,452,437	3,452,437	
Transportation Aid	62,576		62,576	62,576	
Special Education Aid	647,293		647,293	647,293	
Security Aid	242,102		242,102	242,102	
School Choice Aid	482,612		482,612	482,612	
Extraordinary Aid				173,446	173,446
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				1,222,015	1,222,015
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				21,903	21,903
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				1,047	1,047
TPAF Post Retirement (On-Behalf - Non-Budgeted)				461,471	461,471
TPAF Social Security (Reimbursed - Non-Budgeted)				438,434	438,434
Total State Sources	4,887,020		4,887,020	7,205,336	2,318,316
Federal Sources:					
Medicaid Reimbursement	32,356		32,356	29,157	(3,199)
Total Federal Sources	32,356		32,356	29,157	(3,199)
TOTAL REVENUE	14,422,917		14,422,917	16,731,045	2,308,128

WHARTON 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
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Sal of Teachers	\$ 64,502	\$ (142)	\$ 64,360	\$ 61,429	\$ 2,931
Kindergarten - Salaries of Teachers	182,518	142	182,660	177,660	5,000
Grades 1-5 - Salaries of Teachers	2,073,260	1,751	2,075,011	1,912,957	162,054
Grades 6-8 - Salaries of Teachers	1,437,414	(1,751)	1,435,663	1,362,990	72,673
Regular Programs - Home Instruction:					
Salaries of Teachers	13,000		13,000	802	12,198
Salaries Other Instruction	80,426		80,426	78,439	1,987
Purchased Professional - Educational Services	28,000	(2,526)	25,474	16,818	8,656
Purchased Technical Services	24,000		24,000	14,545	9,455
Other Purchased Services (400-500 series)	243,000	(7,000)	236,000	117,713	118,287
General Supplies	490,483	(71,402)	419,081	278,274	140,807
Textbooks	113,806	79,347	193,153	121,825	71,328
Total Regular Programs - Instruction	4,750,409	(1,581)	4,748,828	4,143,452	605,376
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	65,247	1,581	66,828	61,998	4,830
Other Salaries for Instruction	34,895	4,000	38,895	36,802	2,093
General Supplies	5,081	(4,000)	1,081	876	205
Total Learning and/or Language Disabilities	105,223	1,581	106,804	99,676	7,128
Multiple Disabilities:					
Salaries of Teachers	129,249	238	129,487	121,764	7,723
Other Salaries for Instruction	76,055	6,283	82,338	73,842	8,496
Purchased Professional - Educational Services	4,700	(1,446)	3,254	2,429	825
General Supplies	13,956	(5,075)	8,881	4,602	4,279
Total Multiple Disabilities	223,960		223,960	202,637	21,323

WHARTON 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
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction: (Cont'd)					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,340,162	\$ (3,500)	\$ 1,336,662	\$ 1,164,457	\$ 172,205
Other Salaries for Instruction	85,288	4,475	89,763	89,690	73
General Supplies	2,444	(75)	2,369	2,095	274
Textbooks	900	(900)			
Total Resource Room/Resource Center	<u>1,428,794</u>		<u>1,428,794</u>	<u>1,256,242</u>	<u>172,552</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	90,160		90,160	86,560	3,600
General Supplies	4,200		4,200	4,200	4,200
Total Preschool Disabilities - Part-Time	<u>94,360</u>		<u>94,360</u>	<u>86,560</u>	<u>7,800</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	92,760		92,760	87,517	5,243
Other Salaries for Instruction	84,704	1,341	86,045	76,927	9,118
Purchased Professional - Educational Services	2,500		2,500	1,620	880
Other Purchased Services (400-500 series)	1,000		1,000	1,000	1,000
General Supplies	8,731	(3,643)	5,088	784	4,304
Total Preschool Disabilities - Full-Time	<u>189,695</u>	<u>(2,302)</u>	<u>187,393</u>	<u>166,848</u>	<u>20,545</u>
Total Special Education - Instruction	<u>2,042,032</u>	<u>(721)</u>	<u>2,041,311</u>	<u>1,811,963</u>	<u>229,348</u>
Bilingual Education - Instruction:					
Salaries of Teachers	176,068	2,302	178,370	178,370	49
General Supplies	250		250	201	49
Total Bilingual - Instruction	<u>176,318</u>	<u>2,302</u>	<u>178,620</u>	<u>178,571</u>	<u>49</u>

WHARTON 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
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular/Extracurricular Activities - Instruction:					
Salaries	\$ 65,000		\$ 65,000	\$ 36,090	\$ 28,910
Supplies and Materials	3,700		3,700	384	3,316
Other Objects	2,250		2,250		2,250
Total School-Sponsored Cocurricular/Extracurricular Activities - Instruction	70,950		70,950	36,474	34,476
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	33,500		33,500	30,900	2,600
Purchased Services (300-500 series)	10,000	\$ (2,000)	8,000	2,035	5,965
Supplies and Materials	5,560	2,000	7,560	7,540	20
Other Objects	800		800	800	
Total School-Sponsored Cocurricular Athletics - Instruction	49,860		49,860	41,275	8,585
Other Instructional Programs - Instruction:					
Salaries	29,750		29,750	5,943	23,807
Purchased Services (300-500 series)	14,000		14,000	180	13,820
Other Objects	500		500	499	1
Total Other Instructional Programs - Instruction	44,250		44,250	6,622	37,628
Before/After School Programs - Instruction:					
Salaries	41,077		41,077	6,405	34,672
Total Other Instructional Programs - Instruction	41,077		41,077	6,405	34,672
Total Instruction	7,174,896		7,174,896	6,224,762	950,134
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	40,000		40,000	38,754	1,246
Tuition to Private Schools for the Handicapped - Within State	434,674		434,674	320,248	114,426
Total Undistributed Expenditures - Instruction	474,674		474,674	359,002	115,672

WHARTON 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
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Attendance & Social Work:					
Salaries	\$ 20,778		\$ 20,778	\$ 19,322	\$ 1,456
Total Attendance & Social Work	<u>20,778</u>		<u>20,778</u>	<u>19,322</u>	<u>1,456</u>
Health Services:					
Salaries	85,508	\$ 2,302	87,810	86,078	1,732
Purchased Professional and Technical Services	13,000	(2,302)	10,698	7,974	2,724
Supplies and Materials	2,034		2,034	1,940	94
Total Health Services	<u>100,542</u>		<u>100,542</u>	<u>95,992</u>	<u>4,550</u>
Speech, OT, PT and Related Services:					
Salaries	176,020	1,528	177,548	177,548	
Purchased Professional - Educational Services	172,815	(1,528)	171,287	34,678	136,609
Supplies and Materials	400		400	147	253
Total Other Support Services - Students - Related Services	<u>349,235</u>		<u>349,235</u>	<u>212,373</u>	<u>136,862</u>
Other Support Services - Students - Extra Services:					
Salaries	72,116	(2,142)	69,974	48,828	21,146
Total Other Support Services - Students - Extra Services	<u>72,116</u>	<u>(2,142)</u>	<u>69,974</u>	<u>48,828</u>	<u>21,146</u>
Guidance:					
Salaries of Other Professional Staff	164,529	2,142	166,671	166,671	
Salaries of Secretarial and Clerical Assistants	37,322	140	37,462	37,039	423
Other Purchased Professional and Technical Services	500	(140)	360	360	360
Other Purchased Services (400-500 series)	100		100	100	100
Supplies and Materials	1,000		1,000	811	189
Total Guidance	<u>203,451</u>	<u>2,142</u>	<u>205,593</u>	<u>204,521</u>	<u>1,072</u>

WHARTON 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
EXPENDITURES:					
CURRENT EXPENSE:					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 90,559	\$ 756	\$ 91,315	\$ 91,315	
Salaries of Secretarial and Clerical Assistants	36,604		36,604	36,604	
Purchased Professional - Educational Services	463,777		463,777	443,102	\$ 20,675
Purchased Technical Services	4,900		4,900	153	4,747
Other Purchased Services (400-500 series)	850		850		850
Supplies and Materials	6,517	(756)	5,761	2,179	3,582
Other Objects	470		470	300	170
Total Child Study Teams	603,677		603,677	573,653	30,024
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	100,833		100,833	100,833	
Salaries of Other Professional Staff	12,977	5,623	18,600	17,531	1,069
Purchased Professional - Educational Services	33,950	(5,623)	28,327	720	27,607
Supplies and Materials	350		350	17	333
Other Objects	950		950	489	461
Total Improvement of Instructional Services	149,060		149,060	119,590	29,470
Educational Media Services/School Library:					
Salaries	77,312	29	77,341	77,311	30
Salaries of Technology Coordinators	35,500		35,500	35,500	
Purchased Professional and Technical Services	3,000	(29)	2,971	727	2,244
Other Purchased Services (400-500 series)	7,200		7,200	4,713	2,487
Supplies and Materials	37,316		37,316	4,003	33,313
Total Educational Media Services/School Library	160,328		160,328	122,254	38,074
Instructional Staff Training Services:					
Purchased Professional - Educational Services	1,899		1,899	400	1,499
Other Purchased Services (400-500 series)	84,700		84,700	18,448	66,252
Supplies and Materials	1,100		1,100		1,100
Total Instructional Staff Training Services	87,699		87,699	18,848	68,851

WHARTON 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
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration:					
Salaries	\$ 245,519	\$ 197	\$ 245,716	\$ 245,716	
Legal Services	36,000		36,000	5,932	\$ 30,068
Audit Fees	28,000	(3,800)	24,200	24,200	
Architectural/Engineering Services	20,000		20,000		20,000
Other Purchased Professional Services	20,000	(697)	19,303	7,877	11,426
Communications/Telephone	48,312	3,800	52,112	25,096	27,016
BOE Other Purchased Services	5,000		5,000	4,028	972
Other Purchased Services (400-500 series)	34,015	56	34,071	21,380	12,691
General Supplies	3,000	(56)	2,944	1,848	1,096
Judgements	20,000		20,000		20,000
Miscellaneous Expenditures	3,000	500	3,500	3,241	259
BOE Membership Dues and Fees	8,500		8,500	5,915	2,585
Total Support Services - General Administration	<u>471,346</u>		<u>471,346</u>	<u>345,233</u>	<u>126,113</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	246,850		246,850	246,850	
Salaries of Secretarial and Clerical Assistants	92,500	6,524	99,024	99,024	
Purchased Professional and Technical Services	9,000	(6,524)	2,476		2,476
Other Purchased Services (400-500 series)	1,600	2,953	4,553	3,340	1,213
Supplies and Materials	22,162	(2,953)	19,209	19,148	61
Other Objects	2,205		2,205	1,953	252
Total Support Services - School Administration	<u>374,317</u>		<u>374,317</u>	<u>370,315</u>	<u>4,002</u>
Central Services:					
Salaries	180,818		180,818	180,496	322
Purchased Professional Services	76,775		76,775	64,886	11,889
Other Purchased Services (400-500 series)	21,000	(600)	20,400	10,502	9,898
Supplies and Materials	5,000		5,000	2,867	2,133
Miscellaneous Expenditures	2,500	600	3,100	3,056	44
Total Central Services	<u>286,093</u>		<u>286,093</u>	<u>261,807</u>	<u>24,286</u>

WHARTON 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
EXPENDITURES:					
CURRENT EXPENSE:					
Administrative Information Technology					
Salaries	\$ 79,238		\$ 79,238	\$ 79,238	
Purchased Technical Services	40,000	3,000	43,000	35,825	\$ 7,175
Other Purchased Services (400-500 series)	25,000	(18,107)	6,893		6,893
Supplies and Materials	2,800	15,107	17,907		17,907
Total Administrative Information Technology	<u>147,038</u>		<u>147,038</u>	<u>115,063</u>	<u>31,975</u>
Required Maintenance of School Facilities:					
Cleaning, Repair and Maintenance Services	571,696		571,696	162,376	409,320
General Supplies	60,000		60,000	24,306	35,694
Total Required Maintenance of School Facilities	<u>631,696</u>		<u>631,696</u>	<u>186,682</u>	<u>445,014</u>
Other Operations & Maintenance of Plant:					
Purchased Professional and Technical Services	482,119		482,119	445,648	36,471
Cleaning, Repair and Maintenance Services	8,000		8,000	4,603	3,397
Other Purchased Property Services	36,000		36,000	21,453	14,547
Insurance	56,000		56,000	49,340	6,660
Miscellaneous Purchased Services	8,000		8,000	258	7,742
General Supplies	21,000		21,000	9,003	11,997
Energy (Natural Gas)	97,057		97,057	62,712	34,345
Energy (Electricity)	195,000		195,000	127,286	67,714
Total Other Operations & Maintenance of Plant	<u>903,176</u>		<u>903,176</u>	<u>720,303</u>	<u>182,873</u>
Grounds Maintenance:					
Cleaning, Repair and Maintenance Services	20,000		20,000	5,305	14,695
General Supplies	4,000		4,000		4,000
Other Objects	5,400		5,400		5,400
Total Grounds Maintenance	<u>29,400</u>		<u>29,400</u>	<u>5,305</u>	<u>24,095</u>

WHARTON 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
EXPENDITURES:					
CURRENT EXPENSE:					
Security:					
Purchased Professional and Technical Services	\$ 41,000		\$ 41,000	\$ 28,847	\$ 12,153
Total Security	<u>41,000</u>		<u>41,000</u>	<u>28,847</u>	<u>12,153</u>
Student Transportation Services:					
Salaries for Pupil Trans (Bet Home & School) - Special Education	9,411		9,411		9,411
Cleanings, Repair and Maintenance Services	7,000		7,000	1,300	5,700
Contracted Services: (Between Home and School) - Vendors	65,000		65,000		65,000
Contracted Services: Other Between Home and School - Vendors	56,500		56,500	20,016	36,484
Contracted Services: (Spl. Education Students) ESC & CTSA	270,000		270,000	197,980	72,020
Contracted Services: Aid in Lieu Payments - Nonpublic Students	27,000		27,000	10,672	16,328
Miscellaneous Purchased Services - Transportation	5,000		5,000		5,000
General Supplies	1,500		1,500		1,500
Transportation Supplies	2,000		2,000		2,000
Total Student Transportation Services	<u>443,411</u>		<u>443,411</u>	<u>229,968</u>	<u>213,443</u>
Unallocated Benefits:					
Social Security Contributions	169,451	\$ (50,681)	118,770	117,771	999
Other Retirement Contributions - PERS	80,000		80,000	70,208	9,792
Other Retirement Contributions - Regular	20,000		20,000	19,536	464
Unemployment Compensation	82,000		82,000		82,000
Workmen's Compensation	94,554	(38,937)	55,617	55,617	
Health Benefits	1,818,450	89,618	1,908,068	1,724,513	183,555
Tuition Reimbursement	35,000		35,000	13,509	21,491
Other Employee Benefits	139,197		139,197	112,766	26,431
Total Unallocated Benefits	<u>2,438,652</u>		<u>2,438,652</u>	<u>2,113,920</u>	<u>324,732</u>

WHARTON 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
EXPENDITURES:					
CURRENT EXPENSE:					
On-Behalf Contributions (Non-budgeted):					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)			\$ 1,222,015	\$ 1,222,015	\$ (1,222,015)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)			21,903	21,903	(21,903)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)			1,047	1,047	(1,047)
TPAF Post Retirement (On-Behalf - Non-Budgeted)			461,471	461,471	(461,471)
TPAF Social Security (Reimbursed - Non-Budgeted)			438,434	438,434	(438,434)
Total On-Behalf Contributions (Non-Budgeted)			2,144,870	2,144,870	(2,144,870)
Total Undistributed Expenditures	\$ 7,987,689		\$ 7,987,689	8,296,696	(309,007)
TOTAL CURRENT EXPENSE	15,162,585		15,162,585	14,521,458	641,127
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services			4,402	4,402	
Assessment for Debt Service on SDA Funding	4,402		4,402	4,402	
Total Facilities Acquisition and Construction Services	4,402		4,402	4,402	
Total Capital Outlay	11,147		11,147	11,147	
Transfer of Funds to Charter Schools	15,178,134		15,178,134	14,537,007	641,127
TOTAL EXPENDITURES	(755,217)		(755,217)	2,194,038	2,949,255
Excess (Deficiency) of Revenues Over/(Under) Expenditures					
Other Financing Sources/(Uses):					
Capital Reserve Transfer to Capital Projects Fund		\$ (14,315)	(14,315)	(14,315)	
Total Other Financing Sources/(Uses)		(14,315)	(14,315)	(14,315)	

WHARTON 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
	\$ (755,217)	\$ (14,315)	\$ (769,532)	\$ 2,179,723	\$ 2,949,255
	7,047,383		7,047,383	7,047,383	
	<u>\$ 6,292,166</u>	<u>\$ (14,315)</u>	<u>\$ 6,277,851</u>	<u>\$ 9,227,106</u>	<u>\$ 2,949,255</u>

Excess (Deficiency) of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing (Uses)

Fund Balance, July 1
Fund Balance, June 30

Recapitulation:

Restricted Fund Balance:

Excess Surplus for 2021-2022 \$ 670,000
Excess Surplus for 2020-2021 670,000
Maintenance Reserve 590,012
Emergency Reserve 250,000
Capital Reserve 6,022,367

Assigned Fund Balance:

Year-End Encumbrances 222,812
Additional - Designated For Subsequent Year's Expenditures 378,469
Unassigned Fund Balance 423,446
9,227,106

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment not Recognized on GAAP Basis (481,490)
Fund Balance per Governmental Funds (GAAP) \$ 8,745,616

WHARTON BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
State Sources	\$ 896,703	\$ 72,766	\$ 969,469	\$ 626,439	\$ (343,030)
Federal Sources	502,738	441,721	944,459	674,451	(270,008)
Total Revenue	1,399,441	514,487	1,913,928	1,300,890	(613,038)
Expenditures:					
Instruction:					
Salaries of Teachers	24,000	129,085	153,085	153,085	
Other Purchased Services	15,600	(956)	14,644	14,644	
Purchased Professional - Educational Services	169,721	55,095	224,816	222,825	1,991
Purchased Professional - Technical Services	13,080	3,570	16,650	15,771	879
General Supplies	52,951	(1,232)	51,719	39,971	11,748
Textbooks	14,455	(11,759)	2,696	1,739	957
Equipment	922	266	1,188		1,188
Total Instruction	290,729	174,069	464,798	448,035	16,763
Support Services:					
Salaries of Supervisors of Instruction	96,163	(17,169)	78,994	64,727	14,267
Personal Services - Employee Benefits	7,444	46,136	53,580	53,580	
Professional Technical Services	82,796	14,001	96,797	75,375	21,422
Purchased Professional - Educational Services	865,755		865,755	577,857	287,898
Other Purchased Professional Services	39,444	32,197	71,641	2,970	68,671
Supplies and Materials	17,110	265,253	282,363	78,346	204,017
Total Support Services	1,108,712	340,418	1,449,130	852,855	596,275
Total Expenditures	\$ 1,399,441	\$ 514,487	\$ 1,913,928	\$ 1,300,890	\$ 613,038

WHARTON BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 16,731,045	\$ 1,300,890
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP basis does not:		
Prior Year Encumbrances Paid		69
Current Year Encumbrances		(10,602)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	451,999	43,892
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(481,490)</u>	<u>(88,097)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 16,701,554</u>	<u>\$ 1,246,152</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 14,537,007	\$ 1,300,890
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.		<u>(10,533)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 14,537,007</u>	<u>\$ 1,290,357</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

WHARTON BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WHARTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FISCAL YEAR ENDED JUNE 30, 2020

	Preschool Education Aid	Title I	Elementary and Secondary Education Act Title II A	Title III	Title IV	Nonpublic Auxiliary Services
REVENUE:						
State Sources	\$ 580,827					
Federal Sources		\$ 405,677	\$ 24,456	\$ 21,418	\$ 9,879	\$ 12,168
Total Revenue	580,827	405,677	24,456	21,418	9,879	12,168
EXPENDITURES:						
Instruction:						
Salaries of Teachers		153,085				
Purchased Professional - Educational Services						12,168
Purchased Professional - Technical Services		14,644				
Other Purchased Services		38,282		501		
General Supplies						
Textbooks						
Total Instruction		206,011		501		12,168
Support Services:						
Salaries of Supervisors of Instruction		55,742		8,985		
Personal Services - Employee Benefits		53,580				
Professional Technical Services		36,406	21,859			
Purchased Professional - Educational Services	577,857					
Other Purchased Professional Services	2,970					
Supplies and Materials		53,938	2,597	11,932	9,879	
Total Support Services	580,827	199,666	24,456	20,917	9,879	
Total Expenditures	\$ 580,827	\$ 405,677	\$ 24,456	\$ 21,418	\$ 9,879	\$ 12,168

WHARTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FISCAL YEAR ENDED JUNE 30, 2020

	<u>Nonpublic Handicapped Services</u>	<u>Nonpublic</u>	<u>Nonpublic</u>	<u>Nonpublic</u>	<u>Nonpublic</u>	<u>Nonpublic</u>
	<u>Supplemental</u>	<u>Examination &</u>	<u>Nursing</u>	<u>Security</u>	<u>Technology</u>	<u>Textbook</u>
	<u>Instruction</u>	<u>Classification</u>	<u></u>	<u></u>	<u>Initiative</u>	<u></u>
REVENUE:						
State Sources	\$ 4,857	\$ 6,688	\$ 3,201	\$ 15,771	\$ 1,188	\$ 1,739
Federal Sources						
Total Revenue	<u>4,857</u>	<u>6,688</u>	<u>3,201</u>	<u>15,771</u>	<u>1,188</u>	<u>1,739</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional - Educational Services	4,857	6,688	3,201	15,771		
Purchased Professional - Technical Services						
Other Purchased Services						
General Supplies					1,188	1,739
Textbooks						
Total Instruction	<u>4,857</u>	<u>6,688</u>	<u>3,201</u>	<u>15,771</u>	<u>1,188</u>	<u>1,739</u>
Support Services:						
Salaries of Supervisors of Instruction						
Personal Services - Employee Benefits						
Professional Technical Services						
Purchased Professional - Educational Services						
Other Purchased Professional Services						
Supplies and Materials						
Total Support Services						
Total Expenditures	<u>\$ 4,857</u>	<u>\$ 6,688</u>	<u>\$ 3,201</u>	<u>\$ 15,771</u>	<u>\$ 1,188</u>	<u>\$ 1,739</u>

WHARTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FISCAL YEAR ENDED JUNE 30, 2020

	IDEA Part B			Total
	Basic	Preschool	Total	
REVENUE:				
State Sources			\$ 614,271	
Federal Sources	203,521	\$ 9,500	686,619	
Total Revenue	203,521	9,500	1,300,890	
EXPENDITURES:				
Instruction:				
Salaries of Teachers			153,085	
Purchased Professional - Educational Services	195,911		222,825	
Purchased Professional - Technical Services			15,771	
Other Purchased Services			14,644	
General Supplies			39,971	
Textbooks			1,739	
Total Instruction	195,911		448,035	
Support Services:				
Salaries of Supervisors of Instruction			64,727	
Personal Services - Employee Benefits			53,580	
Professional Technical Services	7,610	9,500	75,375	
Purchased Professional - Educational Services			577,857	
Other Purchased Professional Services			2,970	
Supplies and Materials			78,346	
Total Support Services	7,610	9,500	852,855	
Total Expenditures	203,521	\$ 9,500	\$ 1,300,890	

WHARTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted	Actual	Variance
EXPENDITURES:			
Support services:			
Purchased Professional - Educational Services	\$ 896,327	\$ 577,857	\$ 318,470
Other Purchased Professional Services	9,450	2,970	6,480
Supplies and Materials	15,210		15,210
Total Support Services	920,987	580,827	\$ 340,160
Total Expenditures	\$ 920,987	\$ 580,827	\$ 340,160

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2019-20 Preschool Education Allocation	\$ 880,965
Actual Preschool Education Aid Carryover (June 30, 2019)	40,022
Total Preschool Aid Funds Available for 2019-20 Budget	920,987
Less: 2019-20 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	(920,987)
Available & Unbudgeted Preschool Aid Funds as of June 30, 2020	-0-
Add: 2019-20 Unexpended Preschool Education Aid	\$ 340,160
2019-20 Actual Carryover - Preschool Education Aid	\$ 340,160
2019-20 Preschool Education Aid Carryover Budgeted in 2020-21	\$ -0-

CAPITAL PROJECTS FUND

WHARTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Expenditures:	
Purchased Professional and Technical Services	\$ 23,250
Construction Services	936,756
Total Expenditures	<u>960,006</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(960,006)
Other Financing Sources:	
Operating Transfers In - Capital Reserve	<u>14,315</u>
Total Other Financing Sources	<u>14,315</u>
Deficit of Revenues and Other Financing Sources Under Expenditures	(945,691)
Fund Balance - Beginning Balance	<u>984,216</u>
Fund Balance - Ending Balance	<u><u>\$ 38,525</u></u>
<u>Recapitulation:</u>	
Committed Fund Balance	\$ 38,525
<u>Reconciliation to Governmental Funds Statements (GAAP):</u>	
SDA Grant Receivable not Recognized on GAAP Basis	<u>(16,266)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 22,259</u></u>

WHARTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
DUFFY ELEMENTARY SCHOOL - VARIOUS UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
SDA Grant				\$ 270,336
Transfer from Capital Outlay	\$ 24,136		\$ 24,136	288,821
Total Revenues and Other Financing Sources	24,136		24,136	559,157
Expenditures:				
Purchased Professional and Technical Services				328,800
Construction Services				20,000
Equipment Purchases				210,357
Total Expenditures				559,157
Excess of Revenue and Other Financing Sources Over Expenditures	\$ 24,136	\$ -0-	\$ 24,136	\$ -0-

Additional Project Information:

Project Numbers	SP#5770-040-09-1001
Authorization Date	5/11/2009
State Share	\$ 270,336
Local Share	288,821
Original Authorized Cost	559,157
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 559,157

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100.00%
Original Target Completion Date	6/30/2014

WHARTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
DUFFY ELEMENTARY SCHOOL - CORRIDOR CERAMIC TILE REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
SDA Grant	\$ 16,266		\$ 16,266	\$ 16,266
Capital Outlay	18,447		18,447	18,447
Transfer from Capital Reserve	77,592		77,592	77,592
Total Revenues and Other Financing Sources	112,305		112,305	112,305
Expenditures :				
Purchased Professional and Technical Services	21,986		21,986	27,713
Construction Services	80,351		80,351	84,592
Total Expenditures	102,337		102,337	112,305
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures				
	\$ 9,968	\$ -0-	\$ 9,968	\$ -0-

Additional Project Information:

Project Numbers	SP#5770-040-09-1002
Authorization Date	5/11/2009
State Share	\$ 16,266
Local Share	18,447
Original Authorized Cost	34,713
Additional Authorized Cost - Capital Reserve	77,592
Revised Authorized Cost	\$ 112,305
Percentage Increase over Original Authorized Cost	224%
Percentage Completion	91%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2014

WHARTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MACKINNON HVAC ROOFTOP UNITS AND BUILDING MANAGEMENT SYSTEMS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserves	\$ 950,112	\$ 14,315	\$ 964,427	\$ 964,427
Total Revenues	<u>950,112</u>	<u>14,315</u>	<u>964,427</u>	<u>964,427</u>
Expenditures:				
Purchased Professional and Technical Services		23,250	23,250	27,671
Construction Services		<u>936,756</u>	<u>936,756</u>	<u>936,756</u>
Total Expenditures		<u>960,006</u>	<u>960,006</u>	<u>964,427</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 950,112</u>	<u>\$ (945,691)</u>	<u>\$ 4,421</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	SP#5770-040-09-1 002
Authorization Date	5/11/2009
State Share	
Local Share	<u>\$ 950,112</u>
Original Authorized Cost	950,112
Additional Authorized Cost	<u>14,315</u>
Revised Authorized Cost	<u>\$ 964,427</u>
Percentage Increase over Original Authorized Cost	1.51%
Percentage Completion	99.54%
Original Target Completion Date	6/30/2020

PROPRIETARY FUNDS

WHARTON BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 128,340
Intergovernmental Accounts Receivable:	
Federal	12,118
State	117
Inventories	8,430

Total Current Assets	<u>149,005</u>
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Non-Current Assets:

Capital Assets	49,961
Less: Accumulated Depreciation	<u>(43,516)</u>

Total Non-Current Assets	<u>6,445</u>
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Total Assets	<u>155,450</u>
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LIABILITIES:

Current Liabilities:

Unearned Revenue - Prepaid Sales	6,023
Unearned Revenue - Donated Commodities	3,652
Total Current Liabilities	<u>9,675</u>

Non-Current Liabilities:

Compensated Absences Payable	<u>1,635</u>
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Total Liabilities	<u>11,310</u>
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NET POSITION:

Net Investment in Capital Assets	6,445
Unrestricted	<u>137,695</u>

Total Net Position	<u><u>\$ 144,140</u></u>
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WHARTON BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 80,618
Daily Sales - Non-Reimbursable Programs	3,359
	<hr/>
Total Operating Revenue	83,977
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	143,050
Cost of Sales - Non-Reimbursable Programs	5,960
Salaries	95,555
Benefits & Payroll Taxes	20,633
Management Fee	10,000
Miscellaneous	9,689
Depreciation Expense	716
	<hr/>
Total Operating Expenses	285,603
	<hr/>
Operating Loss	(201,626)
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	581
State Sources:	
State School Lunch Program	3,074
Seamless Summer Option	369
Federal Sources:	
National School Breakfast Program	29,187
National School Lunch Program	136,991
Seamless Summer Option	37,823
Food Distribution Program	22,299
	<hr/>
Total Non-Operating Revenue	230,324
	<hr/>
Change in Net Position Before Other Items	28,698
Other Items:	
Cancellation of Prior Year Interfund Payable	35,680
	<hr/>
Change in Net Position	64,378
Net Position - Beginning of Year	79,762
	<hr/>
Net Position - End of Year	\$ 144,140
	<hr/> <hr/>

WHARTON BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 85,831
Payments to Employees	(27,285)
Payments to Food Service Vendor	(226,662)
Payments to Suppliers	(9,452)
	<hr/>
Net Cash Used for Operating Activities	(177,568)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(7,161)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(7,161)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interest Revenue	581
State Sources:	
State School Lunch Program	3,318
Seamless Summer Option	252
Federal Sources:	
National School Lunch Program	147,209
School Breakfast Program	31,548
Seamless Summer Option	25,854
Interfund Returned - General Fund	27,715
	<hr/>
Net Cash Provided by Noncapital Financing Activities	236,477
	<hr/>
Net Increase in Cash and Cash Equivalents	51,748
Cash and Cash Equivalents, July 1	76,592
	<hr/>
Cash and Cash Equivalents, June 30	\$ 128,340
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (201,626)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	716
Food Distribution Program	22,299
Changes in Assets and Liabilities:	
(Decrease) in Inventory	(5,090)
Increase in Unearned Revenue - Donated Commodities	2,644
Increase in Compensated Absences Payable	1,635
Increase in Unearned Revenue	1,854
	<hr/>
Net Cash Used for Operating Activities	\$ (177,568)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received USDA Donated Commodities through the Food Distribution Program valued at \$24,943 and utilized U.S.D.A Commodities valued at \$22,299 for the fiscal year ended June 30, 2020.

FIDUCIARY FUNDS

WHARTON BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Agency</u>		<u>Unemployment</u>	<u>Total</u>
	<u>Student</u>	<u>Payroll</u>	<u>Compensation</u>	
	<u>Activities</u>		<u>Trust</u>	
ASSETS:				
Cash and Cash Equivalents	\$ 30,639	\$ 242,524	\$ 1,018,203	\$ 1,291,366
Total Assets	<u>30,639</u>	<u>242,524</u>	<u>1,018,203</u>	<u>1,291,366</u>
LIABILITIES:				
Net Payroll		8,112		8,112
Payroll Deductions and Withholdings		234,412		234,412
Due to Student Groups	30,639			30,639
Total Liabilities	<u>30,639</u>	<u>242,524</u>		<u>273,163</u>
NET POSITION:				
Held in Trust for Unemployment Claims			1,018,203	1,018,203
TOTAL NET POSITION	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,018,203</u>	<u>\$ 1,018,203</u>

WHARTON BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Members	\$ 12,230
Total Contributions	<u>12,230</u>
Investment earnings:	
Interest	<u>5,644</u>
Net investment earnings	<u>5,644</u>
Total additions	<u>17,874</u>
DEDUCTIONS:	
Unemployment Compensation Claims	<u>5,401</u>
Total deductions	<u>5,401</u>
Change in Net Position	12,473
Net Position — Beginning of the Year (Restated)	<u>1,005,730</u>
Net Position — End of the Year	<u><u>\$ 1,018,203</u></u>

WHARTON BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 20,407	\$ 34,115	\$ 23,883	\$ 30,639
Total Assets	<u>\$ 20,407</u>	<u>\$ 34,115</u>	<u>\$ 23,883</u>	<u>\$ 30,639</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 20,407	\$ 34,115	\$ 23,883	\$ 30,639
Total Liabilities	<u>\$ 20,407</u>	<u>\$ 34,115</u>	<u>\$ 23,883</u>	<u>\$ 30,639</u>

WHARTON BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
Wharton District Schools:				
Duffy Elementary School	\$ 19,955	\$ 5,323	\$ 6,347	\$ 18,931
MacKinnon Middle School	452	28,792	17,536	11,708
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Schools	<u>\$ 20,407</u>	<u>\$ 34,115</u>	<u>\$ 23,883</u>	<u>\$ 30,639</u>

WHARTON BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 217,859	\$ 8,443,877	\$ 8,419,212	\$ 242,524
Total Assets	<u>\$ 217,859</u>	<u>\$ 8,443,877</u>	<u>\$ 8,419,212</u>	<u>\$ 242,524</u>
 <u>LIABILITIES:</u>				
Net Payroll	\$ 3,408	\$ 4,538,106	\$ 4,533,402	\$ 8,112
Payroll Deductions and Withholdings	214,451	3,905,771	3,885,810	234,412
Total Liabilities	<u>\$ 217,859</u>	<u>\$ 8,443,877</u>	<u>\$ 8,419,212</u>	<u>\$ 242,524</u>

LONG-TERM DEBT

WHARTON BOARD OF EDUCATION
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2019	Retired or Matured	Balance June 30, 2020
			Date	Outstanding Amount				
Refunding School Bonds Series 2015	4/30/2015	\$ 1,996,000	7/1/2020	\$ 242,000	1.900%			
			7/1/2021	231,000	1.900%			
			7/1/2022	226,000	1.900%			
			7/1/2023	216,000	1.900%	\$ 1,167,000	\$ 252,000	\$ 915,000
					\$ 1,167,000	\$ 252,000	\$ 915,000	

WHARTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOT APPLICABLE

WHARTON BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE 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	\$ 198,979		\$ 198,979	\$ 198,979	
State Sources:					
Debt Service Aid Type II	72,800		72,800	72,800	
Total Revenues	271,779		271,779	271,779	
EXPENDITURES:					
Regular Debt Service:					
Interest	19,779		19,779	19,779	
Redemption of Principal	252,000		252,000	252,000	
Total Regular Debt Service	271,779		271,779	271,779	
Total Expenditures	271,779		271,779	271,779	
Excess of Revenues Over Expenditures					
Fund Balance, July 1	16,154	\$ -0-	16,154	16,154	\$ -0-
Fund Balance, June 30	\$ 16,154	\$ -0-	\$ 16,154	\$ 16,154	\$ -0-
Recapitulation of Fund Balance at June 30, 2020					
Restricted			\$ 16,154	\$ 16,154	

STATISTICAL SECTION
(Unaudited)

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

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

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

WHARTON BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Net Investment in Capital Assets	\$ 1,908,913	\$ 2,109,328	\$ 2,441,360	\$ 4,061,526	\$ 3,930,297	\$ 4,979,520	\$ 5,537,678	\$ 6,104,371	\$ 6,262,066	\$ 6,781,065
Restricted	1,339,398	2,450,988	3,831,767	4,063,996	5,261,025	5,558,458	5,478,489	5,965,733	7,506,318	8,218,533
Unrestricted/(Deficit)	(492,597)	(372,771)	(32,963)	(1,240,198)	(1,296,576)	(1,430,055)	(1,501,803)	(1,785,845)	(1,808,134)	(1,495,954)
Total Governmental Activities Net Position	\$ 2,755,714	\$ 4,187,545	\$ 6,240,164	\$ 6,885,324	\$ 7,894,746	\$ 9,107,923	\$ 9,514,364	\$ 10,284,259	\$ 11,960,250	\$ 13,503,644
Business-Type Activities:										
Investment in Capital Assets	\$ 9,987	\$ 7,134	\$ 4,281	\$ 1,428						\$ 6,445
Unrestricted	94,580	83,316	110,005	93,596	97,790	144,175	87,641	99,570	79,762	137,695
Total Business-Type Activities Net Position	\$ 104,567	\$ 90,450	\$ 114,286	\$ 95,024	\$ 97,790	\$ 144,175	\$ 87,641	\$ 99,570	\$ 79,762	\$ 144,140
District-Wide:										
Net Investment in Capital Assets	\$ 1,918,900	\$ 2,116,462	\$ 2,445,641	\$ 4,062,954	\$ 3,930,297	\$ 4,979,520	\$ 5,537,678	\$ 6,104,371	\$ 6,262,066	\$ 6,787,510
Restricted	1,339,398	1,339,398	3,831,767	4,063,996	5,261,025	5,558,458	5,478,489	5,965,733	7,506,318	8,218,533
Unrestricted/(Deficit)	(398,017)	(398,017)	77,042	(1,146,602)	(1,198,786)	(1,285,880)	(1,414,162)	(1,686,275)	(1,728,372)	(1,358,259)
Total District-Wide Net Position	\$ 2,860,281	\$ 3,057,843	\$ 6,354,450	\$ 6,980,348	\$ 7,992,536	\$ 9,252,098	\$ 9,602,005	\$ 10,383,829	\$ 12,040,012	\$ 13,647,784

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 5,596,895	\$ 5,652,459	\$ 5,926,911	\$ 5,984,273	\$ 7,482,805	\$ 7,511,041	\$ 8,178,991	\$ 8,711,712	\$ 7,805,295	\$ 7,241,936
Special Education	2,201,619	2,563,983	2,136,825	2,236,521	2,750,730	2,997,502	3,928,950	4,209,197	3,694,463	3,407,458
Other Instruction	231,803	336,361	305,716	202,473	271,083	422,908	531,035	548,488	552,791	490,367
Support Services:										
Tuition	282,171	264,770	227,630	308,897	227,982	240,662	414,885	410,281	315,147	359,002
Student & Instruction Related Services	1,454,222	1,407,543	1,457,923	1,417,537	1,730,120	1,775,976	1,742,506	1,833,008	1,761,267	2,925,496
General Administration Services	291,454	378,817	384,360	376,851	387,309	503,252	424,627	484,372	442,054	603,181
School Administration Services	415,762	448,316	428,652	411,514	513,234	517,485	612,901	698,412	639,633	559,754
Central Services	186,105	281,356	243,498	258,339	253,247	208,324	258,598	291,044	260,317	339,335
Plant Operations and Maintenance	850,071	795,406	753,625	1,018,812	788,112	795,040	896,478	817,351	862,300	1,081,010
Pupil Transportation	80,522	223,858	222,511	288,254	348,667	277,677	365,199	143,428	229,219	247,932
Administrative Information Technology	251,957	43,967	109,005	82,353	61,144	110,181	164,230	286,039	158,415	145,473
Interest On Long-Term Debt	129,850	115,600	105,800	96,200	120,426	18,620	34,666	29,564	24,605	19,779
Charter School	514,164			13,407	13,691	47,616	47,616	57,045	10,152	11,147
Capital Outlay	285,610			98,018	61,240	4,402	4,402	4,402	4,402	4,402
Unallocated Depreciation			329,028	329,028	270,773	270,773	358,173	340,877	382,758	
Total Governmental Activities Expenses	12,772,205	12,798,046	12,631,484	13,122,477	15,280,563	15,677,446	17,963,257	18,865,220	17,142,818	17,436,272

WHARTON BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Business-Type Activities:										
Food Service	\$ 285,688	\$ 348,789	\$ 312,784	\$ 365,088	\$ 340,918	\$ 318,046	\$ 417,167	\$ 351,643	\$ 378,985	\$ 285,603
Total Business-Type Activities Expenses	285,688	348,789	312,784	365,088	340,918	318,046	417,167	351,643	378,985	285,603
Total District-Wide Expenses	\$ 13,057,893	\$ 13,146,835	\$ 12,944,268	\$ 13,487,565	\$ 15,621,481	\$ 15,995,492	\$ 18,380,424	\$ 19,216,863	\$ 17,521,803	\$ 17,721,875
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 319,321	\$ 370,685	\$ 327,487	\$ 244,394	\$ 205,551	\$ 157,392	\$ 106,559	\$ 243,623	\$ 140,817	\$ 99,901
Operating Grants and Contributions	2,234,640	2,760,807	2,541,735	2,240,448	2,348,085	2,551,518	2,718,920	3,063,126	5,223,918	5,034,378
Total Governmental Activities Program Revenues	2,553,961	3,131,492	2,869,222	2,484,842	2,553,636	2,708,910	2,825,479	3,306,749	5,364,735	5,134,279
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 102,126	\$ 101,847	\$ 99,163	\$ 99,911	\$ 98,235	\$ 97,213	\$ 104,560	\$ 112,544	\$ 116,731	\$ 83,977
Operating Grants and Contributions	206,050	232,751	237,391	245,834	245,377	267,125	255,899	250,504	242,199	229,743
Total Business Type Activities Program Revenues	308,176	334,598	336,554	345,745	343,612	364,338	360,459	363,048	358,930	313,720
Total District-Wide Program Revenues	2,862,137	3,466,090	3,205,776	2,830,587	2,897,248	3,073,248	3,185,938	3,669,797	5,723,665	5,447,999
Net Expenses/(Revenue):										
Governmental Activities	\$ 10,218,244	\$ 9,666,554	\$ 9,762,262	\$ 10,637,635	\$ 12,726,927	\$ 12,968,536	\$ 15,137,778	\$ 15,558,471	\$ 11,778,083	\$ 12,301,993
Business-Type Activities	(22,488)	14,191	(23,770)	19,343	(2,694)	(46,292)	56,708	(11,405)	20,055	(28,117)
Total District-Wide Net (Expenses)/Revenue	\$ 10,195,756	\$ 9,680,745	\$ 9,738,492	\$ 10,656,978	\$ 12,724,233	\$ 12,922,244	\$ 15,194,486	\$ 15,547,066	\$ 11,798,138	\$ 12,273,876

WHARTON BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 7,400,221	\$ 7,474,224	\$ 7,994,103	\$ 8,299,551	\$ 8,465,542	\$ 8,634,852	\$ 8,807,549	\$ 8,983,700	\$ 9,163,374	\$ 9,346,641
Taxes Levied for Debt Service	379,620	369,635	260,421	249,657	242,630	232,014	228,115	216,392	205,441	198,979
Federal and State Aid Not Restricted	2,747,655	3,229,022	3,515,266	3,703,327	4,997,074	5,275,776	6,479,445	7,043,101	4,011,533	4,249,757
Investment Earnings	2,059	83	3,928	3,761	1,218	3,761	3,476	9,645	52,729	47,812
Miscellaneous Income	97,440	25,421	41,163	196,813	29,885	35,310	25,634	75,528	20,997	2,198
Total Governmental Activities General Revenues & Other Changes in Net Position	10,626,995	11,098,385	11,814,881	12,453,109	13,736,349	14,181,713	15,544,219	16,328,366	13,454,074	13,845,387
Business-Type Activities:										
Investment Earnings	52	74	66	81	72	93	174	524	247	581
Reappraisal of Capital Assets		11,259								35,680
Cancellation of Prior Year Interfund										
Total Business-Type Activities General Revenues & Other Changes in Net Position	52	11,333	66	81	72	93	174	524	247	36,261
Total District-Wide General Revenues & Other Changes in Net Position	\$ 10,627,047	\$ 11,109,718	\$ 11,814,947	\$ 12,453,190	\$ 13,736,421	\$ 14,181,806	\$ 15,544,393	\$ 16,328,890	\$ 13,454,321	\$ 13,881,648
Change in Net Position:										
Governmental Activities	\$ 408,751	\$ 1,431,831	\$ 2,052,619	\$ 1,815,474	\$ 1,009,422	\$ 1,213,177	\$ 406,441	\$ 769,895	\$ 1,675,991	\$ 1,543,394
Business-Type Activities	22,540	(2,858)	23,836	(19,262)	2,766	46,385	(56,534)	11,929	(19,808)	64,378
Total District-Wide Change in Net Position	\$ 431,291	\$ 1,428,973	\$ 2,076,455	\$ 1,796,212	\$ 1,012,188	\$ 1,259,562	\$ 349,907	\$ 781,824	\$ 1,656,183	\$ 1,607,772

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 UNAUDITED
 (Modified Accrual Basis of Accounting)

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Restricted	\$ 1,198,216	\$ 2,438,504	\$ 3,849,052	\$ 4,063,995	\$ 5,254,757	\$ 5,524,466	\$ 5,444,497	\$ 5,931,741	\$ 6,522,214	\$ 8,202,379
Assigned	118,078	60,400	307,867	229,945	202,591	165,483	199,615	94,225	73,170	543,237
Unassigned	27,032						14,706			
Total General Fund	\$ 1,198,216	\$ 2,498,904	\$ 4,156,919	\$ 4,293,940	\$ 5,457,348	\$ 5,689,949	\$ 5,658,818	\$ 6,025,966	\$ 6,595,384	\$ 8,745,616
All Other Governmental Funds:										
Restricted	\$ 1	\$ 1	\$ 1			\$ 16,154	\$ 16,154	\$ 16,154	\$ 16,154	\$ 16,154
Committed	67,354	67,354	17,838	\$ 17,838	\$ 17,838	17,838	17,838	17,838	967,950	22,259
Unassigned/(Deficit)	(44,251)	(54,870)	(35,124)	(26,788)	(19,722)	(17,703)	(13,666)	(51,103)	(43,892)	(88,097)
Total All Other Governmental Funds/(Deficit)	\$ 1	\$ 12,485	\$ (17,285)	\$ (8,950)	\$ (1,884)	\$ 16,289	\$ 20,326	\$ (17,111)	\$ 940,212	\$ (49,684)
Total Governmental Funds:										
Restricted	\$ 1,198,216	\$ 2,438,504	\$ 3,849,053	\$ 4,063,996	\$ 5,254,757	\$ 5,524,466	\$ 5,444,497	\$ 5,931,741	\$ 6,522,214	\$ 8,218,533
Committed	67,354	67,354	67,354	17,838	17,838	17,838	17,838	17,838	17,838	22,259
Assigned	118,078	118,078	60,400	307,867	228,472	202,591	199,615	94,225	94,225	543,237
Unassigned/(Deficit)	(17,219)	(17,219)	(54,870)	(35,124)	(19,722)	(17,703)	1,040	(51,103)	(43,892)	(88,097)
Total All Governmental Funds	\$ 1,198,217	\$ 2,511,389	\$ 4,139,634	\$ 4,284,990	\$ 5,455,464	\$ 5,706,238	\$ 5,679,144	\$ 6,008,855	\$ 7,535,596	\$ 8,695,932

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Tax Levy	\$ 7,779,841	\$ 7,843,859	\$ 8,254,524	\$ 8,549,208	\$ 8,708,172	\$ 8,866,866	\$ 9,035,664	\$ 9,200,092	\$ 9,368,815	\$ 9,545,620
Tuition Charges	319,321	370,685	327,487	244,394	205,551	157,392	106,559	243,623	140,817	99,901
Interest on Capital Reserve	2,059	83	3,928	3,761	1,218	3,476	9,645	9,645	15,078	22,268
Miscellaneous	98,140	25,421	46,163	197,267	29,885	35,310	25,634	75,528	58,648	27,742
State Sources	4,293,745	4,988,422	5,403,254	5,420,143	5,463,912	5,772,212	6,050,229	6,787,151	7,444,168	7,829,424
Federal Sources	687,850	1,001,407	648,746	523,179	620,014	569,599	585,858	467,152	467,650	694,530
Total Revenue	13,180,956	14,229,877	14,684,102	14,937,952	15,028,752	15,405,140	15,807,420	16,783,191	17,495,176	18,219,485
Expenditures:										
Instruction:										
Regular Instruction	4,002,964	4,370,439	4,553,108	4,548,219	4,910,471	4,566,042	4,503,745	4,734,653	4,810,764	4,395,576
Special Education Instruction	1,772,389	2,003,964	1,544,501	1,643,643	1,757,402	1,888,117	2,097,789	2,148,105	2,120,140	2,007,874
Other Instruction	162,876	210,384	222,300	142,987	159,932	224,155	270,771	266,734	279,773	269,347
Support Services:										
Tuition	282,171	264,770	227,630	308,897	227,982	240,662	414,885	410,281	315,147	359,002
Student & Instruction Related Services	1,255,648	1,220,669	1,231,744	1,214,213	1,400,885	1,486,320	1,415,009	1,372,131	1,366,733	2,257,703
General Administrative Services	249,345	296,830	339,104	329,684	369,936	436,974	346,574	397,662	367,653	345,233
School Administrative Services	278,937	285,740	284,729	295,382	308,100	332,075	339,205	338,830	333,903	370,315
Central Services	167,004	208,930	214,442	241,022	208,700	152,653	198,524	196,535	224,556	261,807
Administrative Information Technology	80,353	43,967	97,982	81,763	55,112	95,236	132,426	111,695	130,466	115,063
Plant Operations And Maintenance	836,816	795,337	753,625	1,018,812	779,469	785,764	810,199	889,223	923,817	941,137
Pupil Transportation	230,410	223,854	221,455	288,152	348,503	277,424	364,354	285,790	227,503	229,968
Unallocated Benefits	2,398,594	2,636,410	2,727,849	2,518,277	2,950,195	3,281,481	3,839,856	4,337,187	4,337,187	4,258,790
Capital Outlay	67,011	20,899	281,688	1,807,138	36,500	1,063,114	747,895	585,409	240,036	964,408
Debt Service:										
Principal	380,000	380,000	245,000	240,000	240,000	271,000	271,000	266,000	256,000	252,000
Interest And Other Charges	136,215	122,725	110,700	101,000	91,400	29,746	34,666	29,564	24,605	19,779
Transfer of funds to Charter Schools				13,407	13,691	23,603	47,616	57,045	10,152	11,147
Total Expenditures	12,300,733	13,084,918	13,055,857	14,779,189	13,844,587	15,130,763	15,834,514	16,453,480	15,968,435	17,059,149
Excess/(Deficiency) of Revenues Over/(Under) Expenditures:	\$ 880,223	\$ 1,144,959	\$ 1,628,245	\$ 158,763	\$ 1,184,165	\$ 274,377	\$ (27,094)	\$ 329,711	\$ 1,526,741	\$ 1,160,336
Other Financing Sources/(Uses):										
Transfers In									950,112	14,315
Transfers Out									(950,112)	(14,315)
Total Other Financing Sources/(Uses)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Net Change In Fund Balances	\$ 880,223	\$ 1,144,959	\$ 1,628,245	\$ 158,763	\$ 1,184,165	\$ 274,377	\$ (27,094)	\$ 329,711	\$ 1,526,741	\$ 1,160,336
Debt Service as a Percentage of Noncapital Expenditures	4.22%	3.85%	2.78%	2.63%	2.40%	2.14%	2.03%	1.86%	1.78%	1.69%

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Refunds	Other Misc.	Total
2011	\$ 2,059	\$ 319,321	\$ 46,197	\$ 51,243	\$ 418,820
2012	83	370,685		25,421	396,189
2013	3,928	327,487		41,163	372,578
2014	3,761	244,394		197,267	445,422
2015	1,218	205,551		29,885	236,654
2016	3,761	157,392		35,310	196,463
2017	3,476	106,559		25,634	135,669
2018	9,645	243,623		75,528	328,796
2019	15,078	140,817		58,648	214,543
2020	47,812	99,901		2,198	149,911

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2010	\$ 12,431,400	\$ 489,700,200	\$ 625,200	\$ 102,374,200	\$ 113,236,100	\$ 24,354,300	\$ 742,721,400	\$ -0-	\$ 742,721,400	\$ 66,238,700	1.02	\$ 841,091,053
2011	12,263,900	489,528,100	625,200	101,874,000	105,180,200	24,354,300	733,825,700		733,825,700	66,891,500	1.07	786,503,886
2012	12,263,900	489,338,100	625,200	101,295,100	101,991,700	23,202,000	728,716,000		728,716,000	66,891,500	1.11	745,985,600
2013	12,816,300	431,026,500	575,200	93,914,900	97,860,000	21,698,800	657,891,700		657,891,700	67,532,300	1.30	696,476,498
2014	12,324,900	422,510,400	566,600	93,341,300	97,616,100	21,819,500	648,178,800		648,178,800	67,252,000	1.34	669,610,331
2015	11,789,600	427,569,800	580,400	92,610,400	97,716,600	21,914,000	652,180,800		652,180,800	96,632,800	1.36	673,503,608
2016	12,991,500	431,891,600	581,100	92,517,600	96,320,200	22,465,700	656,767,700		656,767,700	97,154,200	1.40	663,528,365
2017	12,993,400	434,199,800	581,100	92,741,300	98,448,800	22,649,900	661,618,300		668,396,422	101,972,200	1.35	663,528,365
2018	12,873,400	446,757,300	598,200	93,118,800	105,321,100	22,772,700	681,441,500		681,445,500	102,182,300	1.35	675,041,790
2019	13,857,600	460,137,300	616,300	94,940,200	105,912,700	23,065,000	698,529,100		698,529,100	102,579,700	1.37	716,029,500

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 of assessed value.

* Revaluation effective this year.

Source: Morris County Abstract of Ratables and Municipal Tax Assessor.

WHARTON BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	Wharton Board of Education						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt ^b	Total Direct	Regional School	Borough of Wharton	Morris County	
2010	* \$ 0.97	\$ 0.05	\$ 1.02	\$ 0.61	\$ 0.58	\$ 0.26	\$ 2.46
2011	1.02	0.05	1.07	0.61	0.61	0.25	2.54
2012	1.08	0.03	1.11	0.62	0.63	0.25	2.61
2013	1.26	0.04	1.30	0.66	0.58	0.28	2.82
2014	1.31	0.04	1.34	0.68	0.60	0.28	2.90
2015	1.32	0.04	1.36	0.67	0.61	0.26	2.89
2016	1.37	0.03	1.40	0.63	0.61	0.26	2.90
2017	1.32	0.03	1.35	0.68	0.62	0.26	2.91
2018	1.32	0.03	1.35	0.68	0.61	0.26	2.90
2019	1.34	0.03	1.37	0.68	0.61	0.27	2.92

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

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

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

* Revaluation effective in this year.

Source: Borough of Wharton Tax Collector and School Business Administrator.

WHARTON BOARD OF EDUCATION
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2019			2010		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	
Wharton Investors III LP	\$ 85,131,200	10.09%	TA Wharton LLC	\$ 59,267,700	7.02%	
Glass Paramus	19,549,300	2.32%	The Realty Associates Fund VIII LP	37,223,900	4.41%	
Costco	17,400,000	2.06%	Glass Paramus	19,433,900	2.30%	
CCKK, LLC	14,000,000	1.66%	Costco Wholesale Corp	17,842,300	2.11%	
Bayview Gardens	8,800,000	1.04%	CCKK, LLC	11,615,400	1.38%	
Wharton Mall	7,300,000	0.87%	Bayview Gardens	8,700,000	1.03%	
Brentwood Associates LLC	6,000,000	0.71%	Wharton Mall	8,273,700	0.98%	
National Retail Properties, LP	5,000,000	0.59%	Brentwood Associates	6,528,500	0.77%	
Wharton Apartment Associates	4,260,000	0.50%	Wharton Apartments	4,000,000	0.47%	
13 Broad LLC	3,450,000	0.41%	Waltann Greenbrook, LLC	3,863,700	0.46%	
Total	\$ 170,890,500	20.25%	Total	\$ 176,749,100	20.93%	

Source: Borough of Wharton Tax Assessor.

WHARTON BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy</u> ^a		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2011	\$ 7,779,841	\$ 7,779,841	100.00%	-0-
2012	7,843,859	7,843,859	100.00%	-0-
2013	8,254,524	8,254,524	100.00%	-0-
2014	8,549,208	8,549,208	100.00%	-0-
2015	8,708,172	8,708,172	100.00%	-0-
2016	8,866,866	8,866,866	100.00%	-0-
2017	9,035,664	9,035,664	100.00%	-0-
2018	9,200,092	9,200,092	100.00%	-0-
2019	9,368,815	9,368,815	100.00%	-0-
2020	9,545,620	9,545,620	100.00%	-0-

^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.

Source: Wharton Borough School District's records including the Certificate and Report of School Taxes (Form A4F).

WHARTON BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Loans Payable	Capital Leases				
2011	\$ 3,270,000	-0-	\$ 24,817	\$ 3,294,817	0.65%	\$ 502.41	
2012	2,890,000	-0-	8,955	2,898,955	0.55%	441.91	
2013	2,645,000	-0-	3,028	2,648,028	0.50%	403.72	
2014	2,405,000	-0-	-0-	2,405,000	0.44%	367.68	
2015	2,231,000	-0-	-0-	2,231,000	0.39%	341.18	
2016	1,960,000	-0-	-0-	1,960,000	0.33%	300.84	
2017	1,689,000	-0-	-0-	1,689,000	0.28%	260.09	
2018	1,423,000	-0-	-0-	1,423,000	0.22%	220.89	
2019	1,167,000	-0-	-0-	1,167,000	0.19%	183.23	
2020	915,000	-0-	-0-	915,000	0.15%	143.66	

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

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

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

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	\$ 3,270,000	- 0 -	\$ 3,270,000	0.44%	\$ 498.63
2012	2,890,000	- 0 -	2,890,000	0.39%	440.55
2013	2,645,000	- 0 -	2,645,000	0.36%	403.26
2014	2,405,000	- 0 -	2,405,000	0.37%	367.68
2015	2,231,000	- 0 -	2,231,000	0.34%	341.18
2016	1,960,000	- 0 -	1,960,000	0.30%	300.84
2017	1,689,000	- 0 -	1,689,000	0.26%	260.09
2018	1,423,000	- 0 -	1,423,000	0.21%	220.89
2019	1,167,000	- 0 -	1,167,000	0.17%	183.23
2020	915,000	- 0 -	915,000	0.13%	143.66

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

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

^b Population data can be found on Exhibit J-14. This ratio is calculated using valuation data for the prior calendar year

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Wharton	\$ 45,720	100.00%	\$ 45,720
Other Debt:			
Morris County General Obligation Debt	216,220,009	0.745%	1,611,184
Morris Hills Regional District Debt	28,458,035	8.000%	<u>2,276,643</u>
Subtotal, Overlapping Debt			3,933,547
Borough of Wharton School District Direct Debt			<u>915,000</u>
Total Direct And Overlapping Debt			<u>\$ 4,848,547</u>

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

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

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

WHARTON BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2020

		Legal Debt Margin Calculation for Fiscal Year 2020				
Equalized Valuation Basis	2019	2016	2017	2018	2019	2020
	2018	2016	2017	2018	2019	2020
	2017	2016	2017	2018	2019	2020
		2016	2017	2018	2019	2020
Average Equalized Valuation of Taxable Property						
Debt Limit (3% of Average Equalization Value) ^a						
Net Bonded School Debt as of June 30, 2020						
Legal Debt Margin						

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 24,827,707	\$ 21,717,224	\$ 22,574,785	\$ 21,634,054	\$ 20,868,029	\$ 20,412,829	\$ 19,935,913	\$ 19,856,492	\$ 20,454,907	\$ 21,210,567
Total Net Debt Applicable to Limit	3,270,000	2,890,000	2,645,000	2,405,000	2,231,000	1,960,000	1,689,000	1,423,000	1,167,000	915,000
Legal Debt Margin	\$ 21,557,707	\$ 18,827,224	\$ 19,929,785	\$ 18,827,224	\$ 18,637,029	\$ 18,452,829	\$ 18,246,913	\$ 18,433,492	\$ 19,287,907	\$ 20,295,567
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	13.17%	13.31%	11.72%	13.31%	10.69%	9.60%	8.47%	7.17%	5.71%	4.31%

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

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

WHARTON BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year Ended December 31,	Borough Population ^a	Morris County Per Capita Personal Income ^b	Borough Personal Income ^c	Borough Unemployment Rate ^d
2011	\$ 6,558	\$ 76,727	\$ 503,175,666	14.90%
2012	6,560	79,765	523,258,400	15.00%
2013	6,559	80,805	529,999,995	8.40%
2014	6,541	84,260	551,144,660	6.00%
2015	6,539	88,219	576,864,041	5.00%
2016	6,515	90,853	591,907,295	5.00%
2017	6,494	93,555	607,546,170	4.60%
2018	6,442	98,842	636,740,164	4.20%
2019	6,369	98,842 **	629,524,698	4.20%
2020	6,369 *	98,842 **	629,524,698 ***	N/A

* - Latest Morris County population available (2019) was used for calculation purposes.

** - Latest Morris County per capita personal income available (2018) was used for calculation purposes.

***- Latest available population data (2019) and latest Morris County per capita personal income (2018) was used for calculation purposes

N/A - Not Available

Sources:

- ^a Population information provided by the NJ Department of Labor and Workforce Development.
- ^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^c Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

WHARTON BOARD OF EDUCATION
PRINCIPAL EMPLOYERS - MORRIS COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

COUNTY OF MORRIS

	2019		2010		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Atlantic Health System		6,140	Novartis Corporation	4,990	1.90%
Picatinny Arsenal		6,000	Atlantic Health Systems	4,933	1.87%
Novartis		4,900	US Army Armament Research & Development	4,442	1.69%
ADP		2,690	United Parcel Service	2,332	0.89%
Bayer		2,400	County of Morris	1,959	0.74%
Accenture		1,865	ADP	1,924	0.73%
Barclays		1,800	AT&T	1,550	0.59%
Honeywell		1,704	Saint Clare's	1,531	0.58%
Allergan		1,627	BASF Corporation	1,400	0.53%
St. Clare's Health System		1,565	Avis Budget Group, Inc.	1,378	0.52%
Total		30,691		26,439	10.04%
Total County Labor Force		256,698		263,270	

* - Employment data provided by the NJ Department of Labor and Workforce Development

Source: Morris County Treasurer's Office

WHARTON BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction:										
Regular	48.0	39.5	48.5	49.5	56.3	56.1	56.1	56.1	56.1	56.1
Special Education	18.7	9.3	16.0	16.5	16.6	16.5	16.5	16.5	16.5	16.5
Other Special Education	4.2	4.2	11.4	16.5	14.9	15.0	15.0	15.0	15.0	15.0
Other Instruction	1.0		2.7	3.0	3.0	3.0	2.3	2.5	2.5	2.5
Support Services:										
Student & Instruction Related Services	21.8	9.0	9.3	9.3	16.1	16.1	16.1	16.1	14.6	14.6
General Administration	5.3	5.1	5.1	5.6	5.5	5.5	5.5	5.5	5.0	5.0
School Administrative Services	6.7	6.6	6.7	6.2	4.7	4.7	4.7	5.0	5.0	5.0
Other Administrative Services	1.0	1.0	1.0							
Central Services	1.5	5.6	3.6	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Pupil Transportation		0.2	0.2	0.2	0.2	0.2	0.2	0.2		
Other Support Services		1.0	2.1	2.4	2.4	2.4	3.3	3.0	3.0	3.0
Food Service	1.2		1.0	1.0	1.0	1.0	1.0	1.0	0.8	0.8
Total	109.9	81.8	107.9	111.5	123.0	122.8	123.0	123.2	120.81	120.81

Source: Borough of Wharton District Personnel Records.

WHARTON BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change In Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2011	772	\$ 11,717,507	\$ 15,178	2.27%	78	11.8	9.9	786	740	-2.29%	94.15%
2012	791	12,561,294	15,880	4.63%	59	11.8	9.9	772	738	-1.77%	95.51%
2013	807	12,418,469	15,388	-3.10%	76	11.1	7.7	786	755	1.74%	96.06%
2014	780	12,631,051	16,194	5.23%	78	10.3	8.4	777	756	-1.16%	97.30%
2015	789	13,476,687	17,081	5.48%	79	9.5	10.8	803	770	3.24%	95.89%
2016	786	13,766,903	17,515	2.54%	78	9.1	10.4	786	754	-2.16%	95.93%
2017	781	14,712,351	18,838	7.55%	78	9.0	10.5	782	751	-0.51%	95.59%
2018	741	14,485,324	19,548	3.77%	78	10.2	8.8	745	710	-4.97%	95.30%
2019	744	15,447,794	20,763	6.21%	78	10.3	8.4	744	704	-0.13%	94.59%
2020	750	15,822,962	21,097	1.61%	80	10.0	11.0	752	729	1.12%	96.94%

Note: Enrollment based on annual October District count.

^a Operating expenditures equal total expenditures less debt service and capital outlay.

^b Costs per pupil is calculated based upon enrollment and operating expenditures as presented and may not be the same as other cost per pupil calculations.

^c Teaching staff includes only full-time equivalents of certificated staff.

^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Borough of Wharton School District records.

WHARTON BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>District Buildings</u>										
<u>Elementary</u>										
Marie V. Duffy Elementary (1962)	35,173	35,173	35,173	35,173	35,173	35,173	35,173	35,173	35,173	35,173
Square Feet										
MacKinnon North Wing (1974)	36,291	36,291	36,291	36,291	36,291	36,291	36,291	36,291	36,291	36,291
Square Feet	617	617	617	617	617	617	617	617	617	617
Combined Capacity (Students)	478	478	478	478	478	478	478	470	469	456
Combined Enrollment										
<u>Middle</u>										
MacKinnon Middle School (2000)	28,654	28,654	28,654	28,654	28,654	28,654	28,654	28,654	28,654	28,654
Square Feet	259	259	259	259	259	259	259	259	259	259
Capacity (Students)	213	213	213	213	213	213	213	266	271	294
Enrollment										
<u>Other</u>										
Child Study Team Addition (1994)	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469
Maint. Garage/Recreation Annex(1982)	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561

Number of Schools at June 30, 2020:

Elementary = 1

Middle = 1

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

Source: Wharton Board of Education Facilities Office.

WHARTON BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures:
 Required Maintenance for School Facilities*
 11-000-261-XXX

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
School Facilities	\$ 168,141	\$ 157,704	\$ 141,197	\$ 230,270	\$ 93,160	\$ 118,613	\$ 141,921	\$ 186,551	\$ 187,430	\$ 186,682

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

WHARTON BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED

	Coverage	Deductible
School Alliance Insurance Fund:		
School Package Policy:	\$ 500,000,000	Occurrence
Insurance Fund:		
Building & Personal Property		\$ 2,500
Auto Physical Damage		1,000
General Liability including Auto, Employee Benefits	5,000,000	
General Aggregate	Agreed upon based on membership	
Fire Damage	2,500,000	
Medical Expenses(excluding students taking part in athletics)	10,000	
Security Guard Liability	Included	
Environmental Impairment Liability	1,000,000	
First Party Cleanup	25,000,000 Fund Agg. 100,000 Fungi & Legionella	10,000 100,000
Crime Coverage	50,000 Inside/Outside	1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler & Machinery	100,000,000	2,500
Excess Liability (AL/GL/SLPL)	5,000,000	
School Board Legal Liability (SLPL)	5,000,000	10,000
Cyber Liability	2,000,000 per Occurrence/Agg Statutory	10,000
NJSIG		
Workers Compensation - Employer's Liability	2,000,000	
Supplemental Indemnity	Statutory	
Selective Insurance		
Surety Bonds:		
Treasurer	200,000	
Board Secretary/Business Administrator	200,000	
Bollinger Insurance		
Student Accident	Bollinger Voluntary Coverage Only	\$1,000,000

Source: Borough of Wharton School District Records.

SINGLE AUDIT SECTION



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Independent Member
BKR International

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

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Wharton Board of Education
County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wharton Board of Education, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2020.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Wharton Board of Education
Page 2

Compliance and Other Matters

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

Purpose of this Report

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

December 14, 2020
Mount Arlington, New Jersey

Nisivoccia LLP

NISIVOCCIA LLP

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Man C. Lee
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Independent Member
BKR International

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

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Wharton Board of Education
County of Morris, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Wharton Board of Education (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2020. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

The Honorable President and Members
of the Board of Education
Wharton Board of Education
Page 2

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

December 14, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

WHARTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Adjustment	Prior Year Encumbrances Cancelled	Balance June 30, 2020		Amount Paid to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue					Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Agriculture													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Federal Food Distribution Program	10.555	N/A	7/1/18-6/30/19	\$ 20,023		\$ 1,008	\$ 24,943	\$ (1,008)			\$ 3,652		
Federal Food Distribution Program	10.555	N/A	7/1/19-6/30/20	24,943				(21,291)					
School Breakfast Program	10.553	N/A	7/1/18-6/30/19	36,439	\$ (2,361)		2,361						
School Breakfast Program	10.553	N/A	7/1/19-6/30/20	29,187			29,187	(29,187)					
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	180,604	(10,367)		10,367						
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	136,991			136,842	(136,991)			\$ (149)		
COVID-19 - Seamless Summer Option	10.555	N/A	3/1/20-6/30/20	37,823			25,854	(37,823)			(11,969)		
Total U.S. Department of Agriculture					(12,728)	1,008	229,554	(226,300)			(12,118)	3,652	
Special Revenue Fund:													
Elementary and Secondary Education Act:													
Title I	84.010A	ESEA-5770-19	7/1/18-9/30/19	330,432	(59,260)		58,966			\$ 225	(69)		
Title I	84.010A	ESEA-5770-20	7/1/19-9/30/20	423,702			319,048	(405,678)			(86,630)		
Total Title I					(59,260)		378,014	(405,678)		225	(86,699)		
Title II A	84.367A	ESEA-5770-19	7/1/18-9/30/19	31,297	(13,946)		13,946				(299)		
Title II A	84.367A	ESEA-5770-20	7/1/19-9/30/20	30,239			24,156	(24,455)			(299)		
Total Title II A					(13,946)		38,102	(24,455)			(299)		
Title III	84.365A	ESEA-5770-19	7/1/18-9/30/19	29,089	(12,818)		12,817		\$ 1				
Title III	84.365A	ESEA-5770-20	7/1/19-9/30/20	28,730			11,606	(21,418)			(9,812)		
Total Title III					(12,818)		24,423	(21,418)			(9,812)		
Title IV	84.424	ESEA-5770-19	7/1/18-9/30/19	21,090	(7,052)		7,052				(9,600)		
Title IV	84.424	ESEA-5770-20	7/1/19-9/30/20	28,451			8,919	(9,879)			(960)		
Total Title IV					(7,052)		15,971	(9,879)			(960)		
U.S. Department of Education - Passed-through													
State Department of Education:													
Special Education Cluster:													
I.D.E.A. Part B, Basic	84.027	IDEA-5770-19	7/1/18-9/30/19	\$ 201,379	(1,806)		1,806				(940)		
I.D.E.A. Part B, Basic	84.027	IDEA-5770-20	7/1/19-9/30/20	203,521			202,581	(203,521)					
I.D.E.A. Part B, Preschool	84.173	IDEA-5770-19	7/1/18-9/30/19	8,536	(489)		489						
I.D.E.A. Part B, Preschool	85.173	IDEA-5770-20	7/1/19-9/30/20	9,573			9,500	(9,500)					
Subtotal Special Education Cluster					(2,295)		214,376	(213,021)			(940)		
Total U.S. Department of Education / Special Revenue Fund					(95,371)		670,886	(674,451)		225	(98,710)		
U.S. Department of Health and Human Services:													
Medicaid Assistance Program	93.778	N/A	7/1/19-6/30/20	29,157			29,157	(29,157)					
Total U.S. Department of Health and Human Services							29,157	(29,157)					
Total Federal Financial Awards					(108,099)	1,008	929,597	(929,908)	\$ 1	\$ 225	(110,828)	\$ 3,652	\$ -0-

N/A - Not Available/Applicable

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

WHARTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Project Number	Grant or State	Grant Period	Award Amount	Balance June 30, 2019		Balance June 30, 2020			MEMO			
					Revenue/ Unearned	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable
NJ Department of Education:													
General Fund:													
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20		\$3,452,437	\$ 3,112,288	\$ (3,452,437)					\$ (340,149)	\$ 3,452,437	
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19		3,121,219	306,900						(6,165)	3,121,219	
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20		62,576	56,411	(62,576)					(63,774)	62,576	
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19		62,576	6,153						(23,853)	62,576	
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20		647,293	583,519	(647,293)					(47,549)	647,293	
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19		647,293	63,646						(173,446)	647,293	
Security Aid	20-495-034-5120-084	7/1/19-6/30/20		242,102	218,249	(242,102)					(42,601)	242,102	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19		242,102	23,805						(173,446)	242,102	
School Choice Aid	20-495-034-5120-068	7/1/19-6/30/20		482,612	435,063	(482,612)					(42,601)	482,612	
School Choice Aid	19-495-034-5120-068	7/1/18-6/30/19		523,711	51,495						(173,446)	523,711	
Extraordinary Aid	19-100-034-5120-473	7/1/18-6/30/19		166,440	166,440							166,440	
Extraordinary Aid	20-100-034-5120-473	7/1/19-6/30/20		173,446		(173,446)					(42,601)	173,446	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20		438,434	395,833	(438,434)						438,434	
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19		422,898	20,478							422,898	
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20		461,471	461,471	(461,471)						461,471	
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20		1,222,015	1,222,015	(1,222,015)						1,222,015	
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20		21,903	21,903	(21,903)						21,903	
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20		1,047	1,047	(1,047)						1,047	
Total General Fund State Aid					(638,917)	7,146,716	(7,205,336)			(216,047)	(697,537)	12,391,575	
Special Revenue Fund:													
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20		880,965	792,868	(540,805)					(88,097)	(540,805)	
Preschool Education Aid	19-495-034-5120-086	7/1/18-6/30/19		438,921	43,892	(40,022)						(438,921)	
Nonpublic Handicapped Services:													
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19		5,643				\$ 2,546				3,097	
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20		7,061	5,661	(6,688)				\$ 373	(1,400)	6,688	
Supplementary Instruction	19-100-034-5120-066	7/1/18-6/30/19		4,758	634							4,124	
Supplementary Instruction	20-100-034-5120-066	7/1/19-6/30/20		6,475	6,148	(4,857)				1,618	(327)	4,857	
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19		893				893				893	
Auxiliary Services:													
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20		12,168	10,853	(12,168)					(1,315)	12,168	
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19		5,922				677				5,245	
Security Aid	19-100-034-5120-070	7/1/18-6/30/19		16,350	3,741							12,609	
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20		1,739	1,739	(1,739)						1,739	
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20		3,201	3,201	(3,201)						3,201	
Technology Initiative	20-100-034-5120-373	7/1/19-6/30/20		1,188	1,188	(1,188)						1,188	
Security Aid	20-100-034-5120-070	7/1/19-6/30/20		16,650	16,650	(15,771)				879		15,771	
Total Special Revenue Fund					(3,870)	8,491	(626,439)			(216,047)	340,160	(908,146)	
Total NJ Department of Education					(642,787)	8,491	(7,831,775)			(216,047)	340,160	(788,676)	11,483,429

WHARTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2019		Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2020		MEMO		
				Unearned Revenue/ (Accounts Receivable)	Revenue/ (Accounts Receivable)					GAAP (Accounts Receivable)	Budgetary Unearned Revenue		Due to Grantor	Budgetary Receivable
Enterprise Fund:														
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	\$ 3,074		\$ 3,074		\$ 3,074	\$ (3,074)				\$ 3,074		
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	4,304	\$ (244)			244	(369)				4,304		
Seamless Summer Program	20-100-010-3350-023	3/1/20-6/30/20	369				252			\$ (117)		369		
Total Enterprise Fund				(244)	3,570		3,570	(3,443)		(117)		7,747		
Capital Projects Fund														
School Development Authority														
Corridor Ceramic Tile Replacement Project	5770-040-09-1002	7/1/10-6/30/12	16,266	(16,266)								(16,266) \$ -0-		
Debt Service Fund:														
Debt Service Aid Type II	20-100-034-5120-124	7/1/19-6/30/20	72,800		72,800		72,800	(72,800)				72,800		
Total State Awards Subject to Single Audit Determination				(659,297)	8,491	8,105,286	8,491	(7,908,018)	8,491	(216,164)	3,401,160	2,870	(805,059)	11,563,976

Less: State Awards Not Subject to Single Audit Major Program Determination

On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	(461,471)					\$ 461,471					
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	(1,222,015)					1,222,015					
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	(21,903)					21,903					
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	(1,047)					1,047					
Subtotal - On-Behalf TPAF Pension System Contributions								1,706,436					
Total State Awards Subject to Single Audit Major Program Determination								\$ (6,201,582)					

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

WHARTON BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Wharton Board of Education, under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$29,491) for the general fund and (\$54,738) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, and special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

WHARTON BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 29,157	\$ 7,175,845	\$ 7,205,002
Special Revenue Fund	665,373	580,779	1,246,152
Debt Service Fund		72,800	72,800
Food Service Fund	226,300	3,443	229,743
	<u>\$ 920,830</u>	<u>\$ 7,832,867</u>	<u>\$ 8,753,697</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Wharton Borough School District had no loan balances outstanding at June 30, 2020.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2020. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 8. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS

The District has an active grant in the amount of \$16,266 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2020, \$16,266 of the grant funds have not been expended or drawn down on a GAAP basis on this grant. In the Capital Projects Fund, the District realized the full amount of the grant revenue on a budgetary basis in the year awarded and is realizing the grant revenue on a GAAP basis as it is expended and submitted for reimbursement.

WHARTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

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

	<u>CFDA Number or State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Child Nutrition Cluster:				
Food Distribution Program	10.555	7/1/19-6/30/20	\$ 24,943	\$ 21,291
Food Distribution Program	10.555	7/1/18-6/30/19	20,023	1,008
School Breakfast Program	10.553	7/1/19-6/30/20	29,187	29,187
National School Lunch Program	10.555	7/1/19-6/30/20	136,991	136,991
COVID 19 - Seamless Summer Option	10.555	7/1/19-6/30/20	37,823	37,823
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/19-9/30/20	203,521	203,521
I.D.E.A. Part B, Preschool	84.173	7/1/19-9/30/20	9,573	9,500
<u>State:</u>				
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	3,452,437	3,452,437
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	647,293	647,293
School Choice Aid	20-495-034-5120-068	7/1/19-6/30/20	482,612	482,612
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	242,102	242,102

- The threshold for distinguishing between federal and state Type A and Type B programs was \$750,000.
- The District was not determined to be a "low-risk" auditee for federal programs and was determined to be a "low-risk" auditee for state programs.

WHARTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

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

WHARTON BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

There were no prior year audit findings.