

**SCHOOL DISTRICT
OF
DOWNE TOWNSHIP**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Downe Township Board of Education

Cumberland, New Jersey

For the Fiscal Year Ended June 30, 2021

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**Downe Township Board of Education
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For the Fiscal Year Ended June 30, 2021

Prepared by

Downe Township Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE DOWNE TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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INTRODUCTORY SECTION

DOWNE TOWNSHIP BOARD OF EDUCATION

Administrative Office
220 Main Street, Newport, NJ 08345
Voice: (856) 447-3878 **Fax:** (856) 447-5130

Sherri Miller
Superintendent/Principal

Lisa DiNovi
School Business Administrator/
Board Secretary

January 27, 2022

Honorable President and
Members of the Board of Education
Downe Township District
Cumberland County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Downe Township District for the fiscal year ended June 30, 2021, 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 Downe Township Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 and NJ Treasury Circular OMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Downe Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Downe Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and special education for handicapped youngsters. The District completed the 2020-2021 fiscal year with an enrollment of 165 students, which is a decrease from the previous year's enrollment. The following details the changes in the student enrollment of the district over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020-21	164	(6%)
2019-20	175	3%
2018-19	180	(1%)
2017-18	182	(.1%)
2016-17	183	1%

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	179	(6%)
2014-15	191	3%
2013-14	189	4%
2012-13	182	1%
2011-12	181	7%

2. **ECONOMIC CONDITION AND OUTLOOK:** Downe Township, Cumberland County, is a rural community located on the Delaware Bay in the southern tip of Cumberland County in New Jersey. Almost half of Downe's 35,712 acres is marsh land, and more than 11,500 of these areas are owned outright by the State of New Jersey. Moreover, the state maintains control over much of the rest of the township through the Coastal Area Facilities Review Act (CAFRA) and Wetlands and Fresh Water wetlands Acts regulations. Currently over 85% of the township remains underdeveloped and is either woodland or wetland which gives rise to low population density (33. % persons per square mile) in county. There are over 800 residential homes in the township, about 400 of which are mobile structures. The township is geographically isolated and there are few recreational activities or enrichment opportunities for youngsters. In addition, residents must go outside the community for basic medical and mental health services. Within Downe's borders there are three small communities. Fortescue, a fishing resort on the bay, has a seasonal tourist/sports fisherman economy; Dividing Creek and Newport have limited commercial activity primarily consisting of service stations and small grocery stores. Industrial development is minimal; what exists centers around natural resources and involves agriculture and sand mining. According to the 2019 NJ Annual Labor Force Estimates, the unemployment rate in Downe Township is 4.9%

The district is a rural school system and classified in the lowest category by the New Jersey State Department of Education with respect to indicators of social economic status. The seven socioeconomic variables that were utilized from the 1990 United States Census were: (a) education level, (b) occupational status, (c) density, (d) urbanization, (e) income, (f) unemployment, and (g) poverty. According to a 1990 publication by the New Jersey State Department of Education entitled "School District Guidelines: how to Interpret and Use the Class, School, and District Summary Reports":

The variables were combined using a statistical technique called principal components analysis, which resulted in a single measure of socioeconomic status for each district. Districts were then ranked according to their value on this measure and divided into 10 equally-sized groups. Hence, DFGs range from A (lowest socioeconomic districts) to J (highest socioeconomic district).

Downe Township has a DFG rating of A. This is the lowest range of socioeconomic classification.

The future outlook for District financing continues to depend primarily upon the ability and willingness of the Governor and State Legislature to provide funding for education and on the availability of tax revenue to the State. State revenue is extremely sensitive to economic conditions.

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

3. INTERNAL ACCOUNTING CONTROLS (Continued):

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2021.

5. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", note 1.
6. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this Comprehensive Annual Financial Report (CAFR) and Management's Discussion and Analysis (MD&A), the district continues to meet its responsibility for sound financial management.
7. DEBT ADMINISTRATION: At June 30, 2021, the District's outstanding debt issues included \$0 of general obligation bonds and \$0 capital lease.
8. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
9. 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.


10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, PA 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 the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 and NJ Treasury Circular OMB 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGEMENTS:

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

Respectfully submitted,



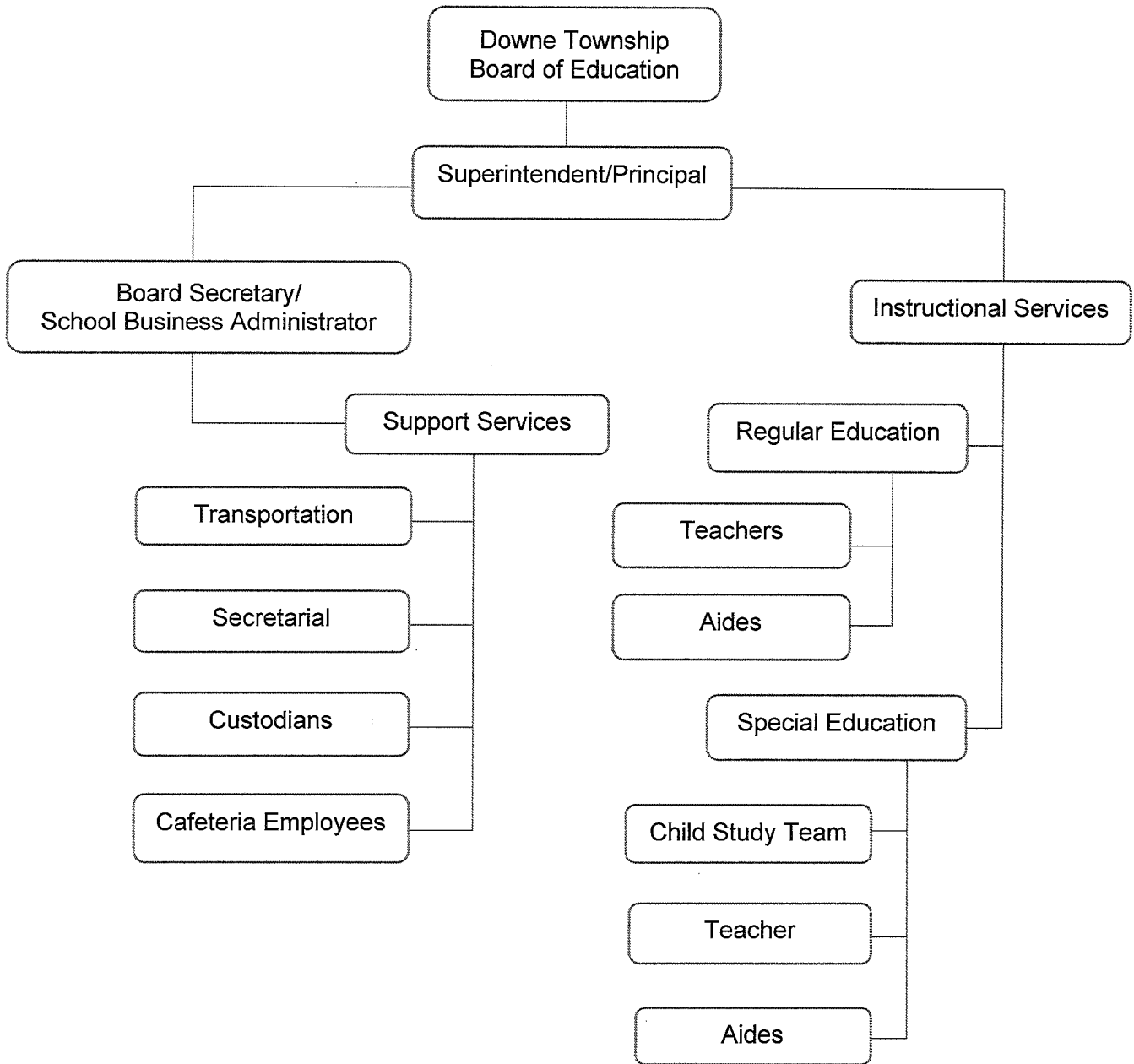
Sherri Miller
Superintendent/Principal



Lisa DiNovi
Business Administrator/Board Secretary

POLICY	2121.1
BOARD OF EDUCATION	ADMINISTRATION
DOWNE TOWNSHIP	

ORGANIZATIONAL CHART



Date: 12/16/91

Revised: 05/17/16

DOWNE TOWNSHIP BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2021

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Stultz Taylor, President	2022
Marylou Henderson, Vice President	2021
Marie Blizzard	2022
Candy Stratton	2021
Albert Casper	2021
John Cerrito	2021
Dyron Corley	2023
Stanley Kershaw	2023
Brent Daly	2023

OTHER OFFICIALS

Sherri Miller, Superintendent/Principal

Lisa DiNovi, School Business Administrator/Board Secretary

Georgiana Scharnagl, Treasurer of School Monies

Frank DiDomenico, Esq., Solicitor

DOWNE TOWNSHIP SCHOOL DISTRICT
COUNTY OF CUMBERLAND
NEWPORT, NJ

CONSULTANTS AND ADVISORS

AUDIT FIRM

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Nightlinger, Colavita and Volpa, P. A.
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ARCHITECTS & PLANNER

Manders/Merighi Associates
Architects & Planner
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FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Downe Township School District
County of Cumberland, New Jersey 08345

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Downe Township School District in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Downe Township School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Downe Township Board of Education in the County of Cumberland, State of New Jersey, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to accounting and reporting for pensions 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 Downe Township School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by 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 OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 27, 2022 on our consideration of the Downe Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Downe Township Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Downe Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
January 27, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Downe Township School District Management Discussion and Analysis (Unaudited)

This section of the Downe Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2021. Comparative information between the current year (2020-21) and the prior year (2019-20) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

Using the Comprehensive Annual Financial Report (CAFR)

The Comprehensive Annual Financial 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 and performance.
- 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*, with the focus on operations.
- The *governmental fund 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 fund statements* offer *short- and long-term* financial information about activities the District operates *like businesses*.
- *Fiduciary fund statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include *notes* that explain various information in the statements and provide more detail. 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.

Key financial highlights for 2021 are as follows:

- The assets of the Downe School District exceeded its liabilities at the close of the most recent fiscal year on June 30, 2021 by \$654,817.
- Total net position of governmental activities increased by \$34,606, comprised of changes in various assets and liabilities. The net position of Business-type Activities increased by \$11,015.
- As of the close of the current fiscal year, the Township of Downe School District's Governmental Funds reflected combined ending fund balances of \$1,340,037, which is an increase of \$134,107 from the prior year, including a prior period adjustment of \$44,742, relating to the adoption of GASB #84.

- General revenues accounted for \$3,181,299, which was 63.6% percent of total revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$1,823,436 or 36.4% percent to total revenues of \$5,004,735.
- The School District had \$4,959,114 in expenses, of which \$1,823,436 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily federal awards, state aid and property taxes) were adequate to provide for these programs, which include the Business-type Activities.
- The General Governmental Fund had \$3,767,293 in revenues, \$3,660,037 in expenditures, \$20,000 in other net financing uses transferred to the Food Service Enterprise Fund and \$11,257 transferred to a Charter School. The General Fund balance increased \$75,999 over 2020, along with the prior period adjustment of \$44,742. This increase was anticipated by the Board of Education, although fund balance of \$550,496 was used to balance the budget, as shown on Exhibit C-1.

District-wide Financial Statements – Reporting the School District as a Whole

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 and liabilities. All of the current year's revenues 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 and liabilities – are one way to measure the District's overall financial position.

This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, which represent the district-wide financial statements, the School District is divided into two distinct kinds of activities:

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 22. Fund financial reports provide detailed information about these major funds. The School District uses numerous funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

The District may implement four types 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 fund statements provide a detailed short-term view that helps the reader 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 fund statements explains the relationship (or differences) between them.
- **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- **Internal service funds:** (Also considered proprietary funds) are optional and utilized to report activities that provide supplies and services for other District programs and activities. The District currently does not have any internal service funds.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity fund. 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, as these assets may not be used to finance the District's operations.

The School District as a Whole

Table 1 provides a comparative summary of the School District's net position for the years ended in 2021 and 2020.

Table 2 shows the changes in net position from fiscal year's 2021 and 2020.

Table A-1
Downe Township board of Education's Net Position

	Governmental Activities		Business-Type Activities		Total School District	
	2020	2021	2020	2021	2020	2021
Current and Noncurrent Assets	\$ 1,463,118	\$ 1,561,473	\$ 7,649	\$ 9,483	\$ 1,470,767	\$ 1,570,956
Capital Assets	607,785	463,226	2,658	4,772	610,443	467,998
Total Assets	2,070,903	2,024,699	10,307	14,255	2,081,210	2,038,954
Deferred Outflows of Resources	241,722	175,040			241,722	175,040
Current Liabilities	253,313	218,649	3,149	582	256,462	219,231
Noncurrent Liabilities	1,013,335	848,335	4,500		1,017,835	848,335
Total Liabilities	1,266,648	1,066,984	7,649	582	1,274,297	1,067,566
Deferred Inflows of Resources	484,181	491,611			484,181	491,611
Net Position						
Invested in Capital Assets						
Net of Related Debt	607,785	463,226	2,658	4,772	610,443	467,998
Restricted	507,759	606,333			507,759	606,333
Unrestricted	(553,748)	(428,415)	(8,901)	8,901	(562,649)	(419,514)
Total Net Position	\$ 561,796	\$ 641,144	\$ 2,658	\$ 13,673	\$ 555,553	\$ 654,817

Table 2 shows the changes in net position from fiscal year's 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Revenues		
Programs Revenues		
Charges for Services	\$ 9,959	\$ 29,034
Operating Grants	1,813,477	1,284,437
General Revenues		
Property Taxes	1,520,928	1,491,106
Grants and Entitlements	1,691,612	1,830,762
Other	60,214	133,007
	<u>5,096,190</u>	<u>4,768,346</u>
Program Expenses		
Instruction	1,381,303	1,323,332
Tuition	417,714	354,363
Pupil and Instructional Staff	542,104	548,566
General Administration, School		
Administration, Business	264,903	270,064
Operations and Maintenance of Facilities	243,789	270,773
Pupil Transportation	306,715	312,443
Employee Benefits	1,711,018	1,395,704
Internal Service Funds	3,549	6,110
Debt Service	2,704	2,704
Food Service & After School Care	85,315	98,929
Fixed Asset Adjustment	80,198	
Transfer to Charter School	11,257	
	<u>5,050,569</u>	<u>4,582,988</u>
Total Expenses	<u>5,050,569</u>	<u>4,582,988</u>
Increase in Net Position	<u>\$ 45,621</u>	<u>\$ 185,358</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's Property taxes made up 48.1% percent of the net revenues for governmental activities of \$3,161,299. Federal, state, and local grants accounted for another 53.5% and other net revenues and adjustments were 1.6%. The total cost of services, as shown below, was \$4,959,114. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$3,126,693. Instruction comprises 36.6% of these net District expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>
Instruction	\$ 1,381,303	\$ 1,144,871	\$ 1,323,332	\$ 1,074,747
Tuition	417,714	417,714	354,363	354,363
Pupil and Instructional Staff	542,104	272,301	548,566	316,366
General Administration, School Administration, Business	264,903	264,903	270,064	270,064
Operation and Maintenance of Facilities	243,789	243,789	270,773	270,773
Pupil Transportation	306,715	306,715	312,443	301,476
Employee Benefits	1,711,018	472,608	1,395,704	655,765
Enterprise Funds	85,315		98,929	
Internal Service Fund	3,549	1,088	6,110	(2,446)
Debt Service	2,704	2,704	2,704	2,704
Total Expenses	<u>\$ 4,959,114</u>	<u>\$ 3,126,693</u>	<u>\$ 4,582,988</u>	<u>\$ 3,243,812</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development expenses (included in support services) are related to planning, research, development, and evaluation of support services, as well as the reporting of this information internally and to the public.

Co-curricular activities include instructional expenses related to student activities provided by the School district, which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District as well as internal service fund expenses.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings, and equipment in an effective working condition as well as internal service fund expenses.

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

Unallocated Depreciation reflects the cost of fixed assets spread over the estimated useful lives of the individual assets

Business-Type Activities

Revenues for the District's business-type activities (Food Service and After School Child Care Programs) were comprised of charges for services and federal and state reimbursements.

- Expenditures exceeded Revenues by \$8,985 in the Food Service Fund, offset by a transfer from the General Fund of \$20,000. This resulted in a positive change in food service net position of \$11,015.
- Charges for services represent \$138 in the Food Service Fund. This represents amount paid by patrons for daily food service activities and after school childcare.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$76,192.

The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (i.e., General Fund, Special Revenue Fund and Capital Project Fund presented in the fund-based statements) had total revenues of \$4,491,951, expenditures of \$4,371,329 and other net financing uses of \$31,257. The net financing sources represented a transfer of \$20,000 to the Enterprise Fund and a transfer of \$11,257 to a Charter School. The net change in fund balance for the year was \$89,365. There was also a prior period adjustment to include an Unemployment Reserve and Student Activity Fund in the Governmental Funds. This demonstrates that the District was able to meet current operating costs with no urgent need for additional funds other than \$550,496 in surplus appropriated to balance the 2020-2021 budget.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the Governmental Funds for the fiscal year ended June 30, 2021, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2020</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,581,142	35.20%	\$ 60,248	3.97%
State Sources	2,703,129	60.18%	46,480	1.70%
Federal Sources	207,680	4.62%	12,575	6.87%
Total	<u>\$ 4,491,951</u>	<u>100.00%</u>	<u>\$ 119,303</u>	<u>2.69%</u>

The increase in Local sources is attributed to increases in the tax levy of \$29,822, transportation of \$12,334 and miscellaneous revenues of \$27,092, offset by a decrease in general fund tuition of \$9,000.

The increase in State sources is attributed to increases in State Public School aid of \$19,010 and Special Revenue Fund Grants of \$27,470.

The above schedule includes the two last state aid payments for 2019-2020 of \$216,743 received in July 2020 and does not include the two last state aid payments for 2020-2021 received in July 2021 in the amount of \$194,725.

The increase in Federal sources is due to various increases in the Special Revenue Fund Grants. In addition, the 2021 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of General Fund and Special Revenue Fund Expenditures for the fiscal year ended June 30, 2021 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2020</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 1,335,834	30.56%	\$ 65,899	4.98%
Undistributed expenditures	3,027,200	69.25%	139,133	4.47%
Capital Outlay	8,295	0.19%	(8,796)	-38.60%
Total	\$ 4,371,329	100.00%	\$ 196,236	4.40%

The increase in Instructional Expenditures is attributed to increases in Regular Instruction of \$100,207 and Other Special Instruction Expenses of \$6,901, offset by a decrease in Special Education of \$25,213 and in Other Instructional Expenses of \$15,996.

The increase in Undistributed Expenditures was due to increases in Tuition of \$63,351 and Employee Benefits of \$124,174, offset by a decreases in Student Related costs of \$6,462, Administration/Central Services costs of \$3,738, Plant and Maintenance costs of \$27,302 and Transportation costs of \$10,890

The decrease in Capital Outlay is attributed to an increase in facility acquisition costs.

General Fund Budgeting Highlights

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2021, the School District amended its General Fund budget as needed. The School District uses program-based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

- Staffing changes based on student needs
- Additional costs for student transportation both in regular education and special education
- Changes in maintenance and operations
- Changes in appropriations to prevent budget overruns

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show an increase of \$64,087 as shown on Exhibit C-1.

- Actual revenues were \$38,514 more than expected, excluding on-behalf pension and social security reimbursements of \$561,316, due to the increased adjustment aid.
- Actual expenditures were \$633,020 less than expected. This excludes state on-behalf pension and social security reimbursements of \$561,316 and reflects favorable variances in most expenditure accounts.

Long-Term Debt:

At year-end, the District had outstanding long-term debt of compensated absences of \$44,630 and Net Pension Liability of \$803,705. There was no other outstanding debt authorized or issued (Note 6 to the Financial Statements). The amount of debt available for authorization by statute is \$4,082,930, as shown on Exhibit J-13.

Capital Assets

At the end of the fiscal year 2021, the School District had \$467,998 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2021 balances compared to 2020.

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

	<u>2021</u>	<u>2020</u>
Land Improvements	\$ 15,000	\$ 15,000
Building and Improvements	400,342	427,005
Equipment	52,656	168,438
Totals	<u>\$ 467,998</u>	<u>\$ 610,443</u>

Overall net Capital Assets decreased by \$142,445 from fiscal year 2020 to fiscal year 2021, representing depreciation expense of \$70,174 and adjustments of \$80,198, offset by fixed asset additions of \$7,927.

Factors Bearing on the District's Future

As in past years, the restriction on the amount the school may raise in taxes is a concern for future budgets and unforeseen expenditures, however, becoming a choice district has helped in the budget process. Our next obstacle will be how much State aid will be cut in the coming years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Lisa DiNovi, School Business Administrator/Board Secretary, at Downe Township School District, 220 Main Street, Newport, NJ 08345

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities.

These statements distinguish between the governmental and business-type activities of the District.

DOWNE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,454,735	\$ 6,363	\$ 1,461,098
Receivables, Net	106,738	3,120	109,858
Capital Assets, Net	463,226	4,772	467,998
Total Assets	<u>2,024,699</u>	<u>14,255</u>	<u>2,038,954</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	175,040		175,040
LIABILITIES			
Accounts Payable	23,258		23,258
Unearned Revenue	195,391	582	195,973
Non-current Liabilities (Note 6):			
Due Within One Year	5,765		5,765
Due Beyond One Year	38,865		38,865
Net Pension Liabilities	803,705		803,705
Total Liabilities	<u>1,066,984</u>	<u>582</u>	<u>1,067,566</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	491,611		491,611
Net Position			
Invested in Capital Assets, Net of Related Debt	463,226	4,772	467,998
Restricted for:			
Maintenance Reserve	174,327		174,327
Emergency Reserve	33,482		33,482
Capital Reserve	350,030		350,030
Unemployment Compensation	25,115		25,115
Student Activities	23,379		23,379
Unrestricted (Deficit)	(428,415)	8,901	(419,514)
Total Net Position	<u>\$ 641,144</u>	<u>\$ 13,673</u>	<u>\$ 654,817</u>

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

DOWNE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

<u>Functions/Programs</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 840,018			\$ (840,018)		\$ (840,018)
Special Education	190,854			(190,854)		(190,854)
Other Special Education	111,794			(111,794)		(111,794)
Other Instruction	238,637		236,432	(2,205)		(2,205)
Support Services:						
Tuition	417,714			(417,714)		(417,714)
Student & Instruction Related Services	542,104	7,360	262,443	(272,301)		(272,301)
General and Business Admin Services	111,356			(111,356)		(111,356)
School Administrative Services	58,084			(58,084)		(58,084)
Central Services	87,463			(87,463)		(87,463)
Administrative Info Tech. Services	8,000			(8,000)		(8,000)
Plant Operations and Maintenance	243,789			(243,789)		(243,789)
Pupil Transportation	306,715			(306,715)		(306,715)
Employee Benefits	1,711,018		1,238,410	(472,608)		(472,608)
Internal Service fund	3,549	2,461		(1,088)		(1,088)
Debt Service	2,704			(2,704)		(2,704)
Total Governmental Activities	4,873,799	9,821	1,737,285	(3,126,693)		(3,126,693)
Business-type Activities:						
Food Service	85,315	138	76,192		(8,985)	(8,985)
Total Business-type Activities	85,315	138	76,192		(8,985)	(8,985)
Total Primary Government	\$ 4,959,114	\$ 9,959	\$ 1,813,477	(3,126,693)	(8,985)	(3,135,678)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes, Net				1,520,928		1,520,928
Federal and State aid not restricted				1,691,612		1,691,612
Tuition Received				23,301		23,301
Investment Earnings				2,145		2,145
Transfers				(31,257)	20,000	(11,257)
Miscellaneous Income				34,768		34,768
Fixed Asset Adjustment				(80,198)		(80,198)
Total General Revenues, Special Items, Extraordinary Items and Transfers				3,161,299	20,000	3,181,299
Change in Net Position				34,606	11,015	45,621
Net Position—Beginning (Deficit)				561,796	2,658	564,454
Prior Period Adjustment				44,742		44,742
Net Position—Beginning (Deficit) Restated				606,538	2,658	609,196
Net Position—Ending				\$ 641,144	\$ 13,673	\$ 654,817

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

DOWNE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,327,492	\$ 131,210	\$ 1,458,702
Federal Accounts Receivable		56,016	56,016
State Accounts Receivable	27,030		27,030
Intergovernmental Accounts Receivable	23,301		23,301
Total Assets	1,377,823	187,226	1,565,049
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	4,385	17,329	21,714
Payroll Deductions and Withholdings Payable	1,544		1,544
Interfunds Payable	6,363		6,363
Unearned Revenue		195,391	195,391
Total Liabilities	12,292	212,720	225,012
Fund Balances:			
Restricted For:			
Excess Surplus-current year	255,286		255,286
Excess Surplus-designated for previous year expenditures	357,467		357,467
Maintenance Reserve	174,327		174,327
Emergency Reserve	33,482		33,482
Student Activities		23,379	23,379
Capital Reserve	350,030		350,030
Reserve for Unemployment	25,115		25,115
Assigned:			
Encumbrances	38,646		38,646
Unassigned:			
General Fund	131,178		131,178
Special revenue fund		(48,873)	(48,873)
Total Fund Balances	1,365,531	(25,494)	1,340,037
Total Liabilities and Fund Balances	\$ 1,377,823	\$ 187,226	

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

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,463,306 and the accumulated depreciation is \$2,000,080 (Note 5).

Deferred Outflow of Resources - Deferred Pension Contribution.

Deferred Inflows of Resources - Pension Actuarial Gains.

Long Term Net Pension Liability

Net Position in Internal Service Fund

Long-term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).

Net Position of Governmental Activities

463,226
175,040
(491,611)
(803,705)
2,787
(44,630)
\$ 641,144

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

DOWNE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
School Tax Levy	\$ 1,520,928	\$	\$ 1,520,928
Transportation Fees from Other LEA'S Within the State	23,301		23,301
Interest on Investments	2,145		2,145
Miscellaneous	25,408		25,408
Local Sources		9,360	9,360
Total - Local Sources	<u>1,571,782</u>	<u>9,360</u>	<u>1,581,142</u>
Other Sources:			
Federal Sources	7,710	199,970	207,680
State Sources	2,187,801	515,328	2,703,129
Total Revenues	<u>3,767,293</u>	<u>724,658</u>	<u>4,491,951</u>
EXPENDITURES			
Current:			
Regular Instruction	794,549		794,549
Special Education Instruction	190,854		190,854
Other Special Instruction	111,794		111,794
Other Instruction	2,205	236,432	238,637
Support Services:			
Tuition	417,714		417,714
Student & Instruction Related Services	279,661	262,443	542,104
General Administrative Expenses	111,356		111,356
School Administrative Expenses	56,685		56,685
Central Services	87,463		87,463
Administrative Information Tech Serv.	8,000		8,000
Plant Operations and Maintenance	238,892		238,892
Pupil Transportation	288,528		288,528
Employee Benefits	1,064,041	212,417	1,276,458
Capital Outlay	8,295		8,295
Total Expenditures	<u>3,660,037</u>	<u>711,292</u>	<u>4,371,329</u>
Excess (Deficiency) of Revenues over Expenditures	<u>107,256</u>	<u>13,366</u>	<u>120,622</u>
OTHER FINANCING SOURCES (USES)			
Transfer to Enterprise Fund	(20,000)		(20,000)
Transfer to Charter School	(11,257)		(11,257)
Total Other Financing Sources and Uses	<u>(31,257)</u>		<u>(31,257)</u>
Net Change in Fund Balances	<u>75,999</u>	<u>13,366</u>	<u>89,365</u>
Fund Balance—July 1 (Deficit)	1,264,909	(58,979)	1,205,930
Prior Period Adjustment	24,623	20,119	44,742
Fund Balance—July 1 (Restated) (Deficit)	<u>1,289,532</u>	<u>(38,860)</u>	<u>1,250,672</u>
Fund Balance—June 30 (Deficit)	<u>\$ 1,365,531</u>	<u>\$ (25,494)</u>	<u>\$ 1,340,037</u>

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

DOWNE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	89,365
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p> <p>In the Statement of Activities, Compensated Absences represent an operating expense measured by the additional amount or decreased amount earned during the year. In the governmental funds, expenditures are based on the amount of resources used and paid.</p> <p>Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
		11,584
		79,304
Capital Outlays		5,591
Fixed Asset Adjustment		(80,198)
Depreciation expense		(69,952)
Internal Service Fund		(1,088)
Change in Net Position of Governmental Activities (A-2)	\$	34,606

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

PROPRIETARY FUNDS

DOWNE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business - Type Activities Enterprise Fund Food Service	Governmental Activities Internal Service Fund	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 2,396	\$ 2,396
Accounts Receivable	3,120	391	3,511
Interfund Receivable	6,363		6,363
Total Current Assets	<u>9,483</u>	<u>2,787</u>	<u>12,270</u>
Noncurrent assets:			
Furniture, machinery & equipment	55,524		55,524
Less: Depreciation	(50,752)		(50,752)
Total noncurrent assets	<u>4,772</u>		<u>4,772</u>
Total Assets	<u>14,255</u>	<u>2,787</u>	<u>17,042</u>
LIABILITIES			
Current Liabilities:			
Deferred Revenue	582		582
Total Current Liabilities	<u>582</u>		<u>582</u>
Long-term debt:			
Compensated absences			
Total long-term debt			
Total Liabilities	<u>582</u>		<u>582</u>
Net Position			
Restricted			
Invested in Fixed Assets	4,772		4,772
Unreserved	8,901	2,787	11,688
Total Net Position	<u>\$ 13,673</u>	<u>\$ 2,787</u>	<u>\$ 16,460</u>

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

DOWNE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund	Total
Operating revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:	\$ 138	\$	\$ 138
Charge for Service		2,461	2,461
Total Operating Revenue:	138	2,461	2,599
Operating Expenses:			
Cost of Sales - reimbursable	61,283		61,283
Salaries	23,743	3,549	27,292
Depreciation	222		222
Supplies and Materials	67		67
Total Operating Expenses	85,315	3,549	88,864
Operating Income (Loss)	(85,177)	(1,088)	(86,265)
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program	1,760		1,760
Federal Sources:			
National School Breakfast Program	24,507		24,507
National School Lunch Program	1,725		1,725
USDA Commodities	48,200		48,200
Total Non-operating Revenues (Expenses)	76,192		76,192
Operating Transfer In - From General Fund	20,000		20,000
Change in Net Position	11,015	(1,088)	9,927
Total Net Position—Beginning	2,658	3,875	6,533
Total Net Position—Ending	\$ 13,673	\$ 2,787	\$ 16,460

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

DOWNE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Fund	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 138	\$ 2,461	\$ 2,599
Payments to Employees	(23,743)	(3,549)	(27,292)
Payments for Employee Benefits			
Payments to Suppliers	(70,251)		(70,251)
Net Cash Provided by (Used for) Operating Activities	(93,856)	(1,088)	(94,944)
Cash from (Used for) Operating Activities- Transfers to the General Fund	20,000		20,000
Total Cash Provided by (Used for) Operating Activities	(73,856)	(1,088)	(74,944)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	1,760		1,760
Federal Sources	74,432		74,432
Net Cash Provided by (Used for) Non-capital Financing Activities	76,192		76,192
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(2,336)		(2,336)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(2,336)		(2,336)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends			
Net Cash Provided by (Used for) Investing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents	-	(1,088)	(1,088)
Balances—Beginning of Year	-	3,484	3,484
Balances—End of Year	\$ -	\$ 2,396	\$ 2,396
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating Income (Loss)	\$ (85,177)	\$ (1,088)	\$ (86,265)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	222		222
(Increase) Decrease in Accounts Receivable	4,529		4,529
(Increase) Decrease in Interfund Receivable	(6,363)		
Increase (Decrease) in Accounts Payable			
Increase (Decrease) in Interfund Payable	(2,567)		(2,567)
Increase/(decrease) in Compensated Absences	(4,500)		(4,500)
Increase (Decrease) in Unearned Revenue			
Total Adjustments	(8,679)		(8,679)
Net Cash Provided by (Used for) Operating Activities	\$ (93,856)	\$ (1,088)	\$ (94,944)

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

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Downe Township School District is a Type II district located in the County of Cumberland, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. These terms are staggered so that two or three member's terms expire each year. The purpose of the district is to educate students in grades PreK-8. The Downe Township School District had an approximate enrollment at June 30, 2021 of 165 students.

Business Administrator/Board Secretary services are contracted with the Lawrence Township School District including responsibility for the administrative control of the district.

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

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

Based on the aforementioned criteria, as stipulated in GASB No. 114, the District has no component units.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation:

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

District-wide Statements: The statement of net position and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation: (cont'd)

- Program revenues include (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. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and accounts are grouped in the financial statements in this report as follows:

GOVERNMENTAL FUNDS

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital 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.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (cont'd)

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from 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. The district currently has no capital projects and, therefore, has not included a capital projects fund.

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

Permanent Fund - The Permanent Fund is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the District's programs, which are stipulated for the benefit of the School District or its students. The School District does not maintain a non-expendable scholarship fund that would require a permanent fund.

PROPRIETARY FUNDS

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

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

Food Service Fund - This fund accounts for the financial transactions of the food service operations of the District.

School Age Child Care Program - This fund accounts for the financial activity related to providing day care services to the students.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (cont'd)

Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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

Food Service Fund - Equipment	10 to 20 Years
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FIDUCIARY FUNDS

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. They account for assets where both the principal and interest may be spent. Expendable Trusts include Unemployment Compensation Insurance and scholarship funds, if any:

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a nonexpendable trust fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds. This includes a Flexible Medical Spending Plan.

C. Basis of Accounting and Measurement Focus:

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

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of Unearned Revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2 (f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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

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

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

C-3 presents a reconciliation of the general fund and special revenue fund from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

E. Encumbrance Accounting:

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as Unearned Revenues at fiscal year-end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable:

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

G. Tuition Payable:

Tuition charges for the fiscal years 2018-2019, 2019-2020 and 2020-2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. 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.

On district-wide financial statements and in the 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, 2021.

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.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Assets, Liabilities and Equity:

Transactions - 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.

Inventories - On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

At June 30, 2021, there was no ending inventory in the Food Service Fund and no federal commodities.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements. The District receives federal commodity food for meal service provided through a vended meal contract.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2021 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	50
Building Improvements	20
Equipment	5-10

K. Compensated Absences:

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

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Compensated Absences: (cont'd)

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the district- wide statement of net position. In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

L. Unearned Revenue:

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

M. Operating Revenues and Expenses:

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

N. Allocation of Indirect Expenses:

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

O. Extraordinary and Special Items:

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

P. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Q. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

R. Management Estimates:

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

S. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

T. Net Position:

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

U. Fund Balance Reserves:

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

V. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On 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 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.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

V. Revenues – Exchange and Non-exchange Transactions: (cont'd)

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 for 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 non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

W. New Accounting Standards:

The School District has adopted the following GASB statements:

- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of Statement will be effective for reporting periods beginning after December 15, 2019. The adoption of GASB 84 will impact the financial statements of the School District.
- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The adoption of GASB 90 did not impact the financial statements of the School District.

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

- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of Statement will be effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.
- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.
- GASB Statement - No. 91 – *Conduit Debt Obligations*: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management is evaluating the potential impact of the adoption of GASB 91 on the School District's financial statements.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

W. New Accounting Standards: (cont'd)

- GASB Statement - No. 92 – *Omnibus 2020*: The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 92 on the School District's financial statements.
- GASB Statement - No. 93 – *Replacement of Interbank Offered Rates*: The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 93 on the School District's financial statements.
- GASB Statement - No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*: The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is evaluating the potential impact of the adoption of GASB 94 on the School District's financial statements.
- GASB Statement - No. 96 – *Subscription-Based Information Technology Arrangements*: This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is evaluating the potential impact of the adoption of GASB 96 on the School District's financial statements.
- GASB Statement - No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*: The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans); and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans). The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 97 on the School District's financial statements.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

X. Bond and Lease Acquisition Costs:

As part of any long-term Bond or lease agreement, providing for the use of school buildings, payments constituting professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such bonds or leases for the year ended June 30, 2021.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. 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.

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.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

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

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

Investments:

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the School District.

As of June 30, 2021, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking accounts	\$ 1,461,098
Total	<u>\$ 1,461,098</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance.

Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2020, the School District's bank balance of \$1,634,981 was subject to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	<u>1,384,981</u>
Total	<u>\$ 1,634,981</u>

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established New Jersey school districts for the accumulation of funds for capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Post-April, 2005 transfers must be in compliance with PL 2005, C73(S1701). Pursuant to NJAC 6A:23A-14.1(g) the balance in the account cannot at any time exceed the local support cost of uncompleted capital projects as shown in the approved LRFP.

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows, of which all was appropriated in the 2021-2022 budget:

Beginning Balance, July 1, 2020	\$	300,000
Interest Earnings		30
Deposits		
Approved in 2020/2021 Budget		
Board Resolution		350,000
Withdrawal in Budget		
Approved in 2020/2021 Budget		<u>(300,000)</u>
Ending Balance, June 30, 2021	\$	<u><u>350,030</u></u>

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73, (S1701). Districts may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes (N.J.A.C. 6A:23-2.14) or by transfer by board resolution at year end of any anticipated revenue or unexpended line item appropriations, or both.

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 year is as follows:

Beginning Balance July 1, 2020	\$	174,302
Deposits - Interest		25
Withdrawals		
Ending Balance June 30, 2021	\$	<u><u>174,327</u></u>

The June 30, 2021 maximum maintenance reserve amount is \$174,327.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6. EMERGENCY RESERVE ACCOUNT

P.L. 2007, c.62(N.J.S.A. 18A:7F-41), effective for years beginning July 1, 2007, provides that districts may establish a current expense emergency reserve account and appropriate funds in the district's annual budget or through a transfer by board resolution at year end of any unanticipated revenue and unexpended line-item appropriation amounts. The account balance is not to exceed \$250,000 or one percent of the district's general fund budget up to a maximum of \$1,000,000, whichever is greater. Districts were permitted to establish an emergency reserve fund through the budget process. Withdrawals require approval by the Commissioner.

An emergency reserve was established by the Township of Downe Board of Education in the 2007-2008 budget in the amount of \$50,000. The activity in the emergency reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows

Beginning Balance July 1, 2020	\$ 33,457
Increase - Interest	25
Withdrawals	
Ending balance June 30, 2021	<u>\$ 33,482</u>

NOTE 7. – TUITION RESERVE ACCOUNTS

If at the end of the contract year a district board of education anticipates that a tuition adjustment will be required in the second year following the contract year, the district board of education may restrict fund balance up to 10 percent of the estimated tuition cost in the contract year, in a reserve for tuition adjustments. The tuition reserve is available only for districts that have a sending/receiving relationship. Full appropriation shall be made in the second year and any remaining balance shall be reserved and designated in the subsequent year's budget. (N.J.A.C. 6A:23-3.1(f)(8)).

As of June 30, 2021, the district had no balance in Tuition Reserve.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8. CAPITAL ASSETS

Capital Asset Activity for the Year Ended June 30, 2021 was as Follows:

	Beginning Balance 7/1/2020	Additions	Adjustment/ Retirements	Ending Balance 6/30/2021
Governmental Activities:				
Capital Assets that are not Being Depreciated:				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Building and Building Improvements	1,160,062			1,160,062
Site Improvements	643,914			643,914
Machinery & Equipment	772,350	5,591	(133,611)	644,330
Totals at Historical Cost	2,591,326	5,591	(133,611)	2,463,306
Less Accumulated Depreciation for :				
Building and Improvements	(1,011,599)	(23,173)		(1,034,772)
Site Improvements	(365,372)	(3,490)		(368,862)
Machinery & Equipment	(606,570)	(43,289)	53,413	(596,446)
Total Accumulated Depreciation	(1,983,541)	(69,952)	53,413	(2,000,080)
Government Activities Capital Assets, Net	\$ 607,785	\$ (64,361)	\$ (80,198)	\$ 463,226
	To A-1			To A-1
Business-type Activities - Equipment	\$ 53,188	\$ 2,336		\$ 55,524
Less Accumulated Depreciation	(50,530)	(222)		(50,752)
Business-type Activities Capital Assets, Net	\$ 2,658	\$ 2,114		\$ 4,772

The opening balance on the Statement of Net Position has been restated to reflect the Governmental Activity adjustment above.

Depreciation Expense was Charged to Governmental Functions as Follows:

Instruction	\$ 45,469	
Administration	1,399	
Maintenance	4,897	
Transportation	18,187	
	<u>\$ 69,952</u>	To A-2

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2021, the following changes occurred in long-term obligations:

Governmental Activities:	Balance at 7/1/2020	Additions	Reductions	Balance at 6/30/2021	Amounts Due Within 1 Year	Long-Term Portion
Compensated absences						
Payable	\$ 56,214	\$ -	\$ 11,584	\$ 44,630	\$ 5,765	\$ 38,865
Net Pension Liability	957,121	-	153,416	803,705		803,705
Total	\$ 1,013,335	\$ -	\$ 165,000	\$ 848,335	\$ 5,765	\$ 842,570

Bonds Authorized and Issued -- As of June 30, 2021, the District had no bonds authorized but not issued.

Capital Leases -- As of June 30, 2021, the District had no capital leases.

NOTE 10. OPERATING LEASES

The District has a commitment for copiers under an operating lease. The lease is for a term of 60 months. Total operating lease payments made during the year ended June 30, 2021 were \$10,296. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2022	10,364
2023	10,377
2024	2,426
2025	2,426
2026	404
	<u>25,997</u>
\$	<u>25,997</u>

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11. PENSION PLANS

Description of Plans - Eligible employees of the School District can be covered by Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), or Defined Contribution Retirement Program (DCRP). PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (NJDPB) and the DCRP is jointly administered by Prudential and NJDPB. The NJDPB issues publicly available financial reports that include financial statements and required supplementary information for the systems. These reports may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who are 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.

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS member total contribution rate as of July 1, 2019 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2021 were 22,875. Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2021 is 15.11% of covered payroll. The District is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the District and equal to the required contributions for each year. The District's contributions to PERS for the years ended June 30, 2021, and 2020, were \$53,915 and \$51,772 respectively.

The total payroll for the year ended June 30, 2021 was \$1,850,826. Payroll covered by PERS was \$295,645 for fiscal year 2021.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Components of Net Pension Liability - At June 30, 2021, the District's proportionate share of the PERS net pension liability was \$803,705. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The District's proportion measured as of June 30, 2020 was 0.004928% which was a decrease of 0.00038% from its proportion measured as of June 30, 2019.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2021 PERS pension expense, with respect to GASB 68, was \$(23,246). The District's 2021 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,634	\$ 2,842
Changes of assumptions	26,073	336,519
Net difference between projected and actual earnings on pension plan investments	27,471	
Changes in proportion	52,947	152,250
Contributions subsequent to the measurement date	53,915	
Total	\$ 175,040	\$ 491,611

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

<u>Year</u>		<u>PERS</u>
2021	\$	(155,690)
2022		(119,091)
2023		(51,484)
2024		(36,745)
2025		(7,476)
Thereafter		
Total	\$	(370,486)

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Additional Information - Collective Balances at June 30, 2021 and 2020 are as follows:

Year		2021		2020
Collective deferred outflows of resources	\$	175,040	\$	241,722
Collective deferred inflows of resources	\$	491,611	\$	484,181
Collective Net Pension Liability	\$	803,705	\$	957,121
District's Proportion		0.004928%		0.005312%

Actuarial Assumptions - The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

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 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, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

	PERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above, as well as what the collective 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:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$ <u>1,019,686</u>	\$ <u>803,705</u>	\$ <u>632,121</u>

Teachers' Pension and Annuity Fund

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 that was established in 1955. As under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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:

Tier	Definition
1	Members who are 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.

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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Contributions - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The member contribution rate was 7.5% in as of July 1, 2019. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2021 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$354,509 to the TPAF for pension contributions, \$111,098 for post-retirement benefits on behalf of the School, and \$434 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$95,275 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2021, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

Pension Expense - For the year ended June 30, 2021, the District recognized pension expense of \$464,677 and revenue of \$464,677 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.55% - 4.45%
Thereafter	2.75% - 5.65%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Long-Term Expected Rate of Return - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	TPAF Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above, as well as what the collective 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:

	1% Decrease (4.40%)	Current Discount (5.40%)	1% Increase (6.40%)
State's Share of the Net Pension Liability associated with the District	\$ 8,796,718	\$ 7,472,588	\$ 6,403,176
State's Share of the Net Pension Liability	\$ 77,517,093,055	\$ 65,993,498,688	\$ 56,425,087,777

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) is a multiple-employer defined contribution pension fund that was established in 2007 under the provisions of N.J.S.A 43:15C-1. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and long-term disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The following represents the individuals eligible for membership in the DCRP:

Eligibility

1. State or Local Officials who are elected or appointed on or after July 1, 2007
2. Employees enrolled in the PERS or TPAF on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits
3. Employees enrolled in the PFRS or SPRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits
4. Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually
5. Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually

Contributions – The contribution policy is set by N.J.S.A 43:15C-3 and requires contributions by active members and contributing employers. Plan members are required to contribute 5.5% of their base salary and the District's employer match is an additional 3% contribution. For the year ended June 30, 2021, employee contributions totaled \$3,616 and the District's employer contribution, recognized in pension expense, was \$1,972. There were no forfeitures during the fiscal year.

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees 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 paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit 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 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

Special Funding Situation

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2020, was \$67,809,962,608. Of this amount, the total OPEB liability attributable to the School District was \$12,803,798. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.01888%. The total OPEB liability for the School District measured as of June 30, 2020 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2020 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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:

	TPAF/ABP	PERS	PFRS
Inflation Rate	2.50%	2.50%	2.50%
	Based on	Based on	Based on
Salary Increases:	Service Years	Service Years	Service Years
Through 2026	1.55% - 4.45%	2.00% - 6.00%	3.25% - 15.25%
Thereafter	1.55% - 4.45%	3.00% - 7.00%	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Discount rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
State of New Jersey	
Balance as of June 30, 2019 Measurement Date	\$ <u>41,729,081,045</u>
Changes for the year:	
Service Cost	1,790,973,822
Interest	1,503,341,357
Changes of Benefit Terms	
Differences between Expected and Actual	11,544,750,637
Changes of Assumptions	12,386,549,981
Benefit Payments	35,781,384
Contributions from Members	<u>(1,180,515,618)</u>
Net Changes	<u>26,080,881,563</u>
Balance as of June 30, 2020 Measurement Date	\$ <u><u>67,809,962,608</u></u>

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2020, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2020		
At 1.00% Decrease	At Discount Rate	At 1.00% Increase
2.50%	3.50%	4.50%
\$ 81,748,410,002	67,809,962,608	56,911,439,160

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

June 30, 2020		
1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$ 54,738,488,540	67,809,962,608	83,375,182,975

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

For the year ended June 30, 2021, the School District recognized OPEB expense of \$526,378. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,943,950	\$ 1,731,602
Changes of Assumptions	2,177,844	1,460,986
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion	262,120	416,795
Contributions Subsequent to the Measurement Date		
Total	\$ 4,383,914	\$ 3,609,383

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

Measurement Period Ending June 30,		OPEB
2021	\$	(10,321)
2022		(10,321)
2023		(10,321)
2024		(10,321)
2025		(10,321)
Thereafter		826,136
Total	\$	774,531

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13. COMPENSATED ABSENCES

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School District and its employees, 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 School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated 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 agreement with the various employee unions.

In the District Wide-Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, a liability existed for compensated absences in the General Fund of \$44,630 and none in the Food Service Fund.

NOTE 14. DEFERRED COMPENSATION

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

Lincoln Investments GWN Marketing

NOTE 15. RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The District 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 State account . The District is billed quarterly for amounts due. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior 2 years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$	\$ 4,917	\$ 4,425	\$ 25,115
2019-2020		5,337	23,716	24,623
2018-2019		3,537	3,318	43,002

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund Balances remained on the balance sheet at June 30, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$	\$ 6,363
Food Service Fund	6,363	
Total	\$ 6,363	\$ 6,363

NOTE 17. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,365,531 General Fund balance at June 30, 2021, \$350,030 is restricted for Capital Reserve, of which none has been assigned and appropriated as anticipated revenue in the year ending June 30, 2022; \$612,753 has been restricted for excess surplus, of which \$357,467 has been assigned and appropriated as anticipated revenue in the year ending June 30, 2022; \$25,115 is restricted for Unemployment Reserve; \$174,327 is restricted for Maintenance Reserve; \$33,482 is restricted for Emergency Reserve; \$0 has been assigned and appropriated as anticipated revenue for the year ending June 30, 2022; \$38,646 is assigned for encumbrances and \$131,178 is unreserved and undesignated.

Debt Service Fund - There was no undesignated Debt Service fund balance at June 30, 2021.

NOTE 18. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

NOTE 19. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2005, c.73(S1701), the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$612,753, of which \$357,467 must be budgeted in the 2021-2022 budget and \$255,286 must be budgeted in 2022-2023.

NOTE 20. TAX ABATEMENT

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 20. TAX ABATEMENT (CONT'D)

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

NOTE 21. DEFICIT FUND BALANCES

The District did not have any deficit fund balances in the General and \$48,873 in the Special Revenue Fund as of June 30, 2021 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current 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 as asset, the other government recognizes a liability.

Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund deficit does not alone indicate that the district is facing financial difficulties, as the deficit is equal to the last state aid payments received in July of 2021.

NOTE 22. RECEIVABLES

Receivables at June 30, 2021 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

Receivables:	General Fund	Special Revenue Fund	Proprietary Funds	Total
Intergovernmental	\$ 50,331	\$ 56,016	\$ 2,834	\$ 109,181
Other			677	677
Totals	<u>\$ 50,331</u>	<u>\$ 56,016</u>	<u>\$ 3,511</u>	<u>\$ 109,858</u>

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 23. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund, which had previously been reported in the Fiduciary Funds, is now reported in the General Fund. The Student Activities Fund is now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to the implementation as follows:

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 Restated
Statement of Net Activities - Governmental Activities			
Net Position	\$ 561,796	\$ 44,742	\$ 606,538
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:			
General Fund	1,264,909	24,623	1,289,532
Special Revenue	(58,979)	20,119	(38,860)
Statement of Changes in Fiduciary Net Position - Fiduciary Funds:			
Unemployment Compensation Trust	24,623	(24,623)	
Student Activities	20,119	(20,119)	

NOTE 24. SUBSEQUENT EVENTS

There were no material subsequent events affecting the District between June 30, 2021 and the Audit Report Date.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

DOWNE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,520,928	\$ -	\$ 1,520,928	\$ 1,520,928	\$ -
Tuition from Individuals	10,000		10,000		(10,000)
Transportation from Other LEA's Within the State	35,000		35,000	23,301	(11,699)
Unrestricted Miscellaneous Revenues	2,000		2,000	25,408	23,408
Interest on Investments				2,065	2,065
Interest on Investments - Emergency Reserve	25		25	25	
Interest on Investments - Maintenance Reserve	25		25	25	
Interest on Investments - Capital Reserve	30		30	30	
Total - Local Sources	1,568,008		1,568,008	1,571,782	3,774
State Sources:					
Equalization Aid	1,121,852		1,121,852	1,121,852	
Categorical Special Education	109,379		109,379	109,379	
Categorical Security Aid	40,699		40,699	40,699	
Categorical Transportation Aid	117,588		117,588	117,588	
School Choice Aid	198,025		198,025	198,025	
Extraordinary Aid				26,160	26,160
Non-Public Transportation Aid				870	870
On-behalf TPAF Pension Contributions (non-budgeted)				354,509	354,509
On-behalf TPAF Post - Retire Medical (non-budgeted)				111,098	111,098
On-behalf TPAF Long-term Disability Contributions (non-budgeted)				434	434
Reimbursement TPAF Social Security Contributions				95,275	95,275
Total - State Sources	1,587,543		1,587,543	2,175,889	588,346
Federal Sources:					
Medicaid Assistance (SEMI)				7,710	7,710
Total - Federal Sources				7,710	7,710
TOTAL REVENUES	\$ 3,155,551	\$ -	\$ 3,155,551	\$ 3,755,381	\$ 599,830
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Local Contribution - Transfer to Special Revenue - Inclusion	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ 10,000
Kindergarten	68,932	1,923	70,855	69,812	1,043
Grades 1-5	416,041	(26,592)	389,449	375,904	13,545
Grades 6-8	174,410	82,965	257,375	256,286	1,089
Home Instruction:					
Salaries of Teachers	1,500		1,500	200	1,300
Purchased Professional Educational Services	20,500	(20,000)	500		500
Regular Programs - Undistributed					
Instruction:					
Purchased Professional Educational Services		8,745	8,745		8,745
Other Purchased Services	25,000	21,912	46,912	31,739	15,173
General Supplies	58,472	(30,663)	27,809	11,127	16,682
Textbooks	20,000	48,010	68,010	49,481	18,529
Total Regular Programs	\$ 794,855	86,300	\$ 881,155	\$ 794,549	\$ 86,606

DOWNE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actua Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Special Education					
Learning/Language Disabled:					
Instruction					
Salaries of Teachers	\$ 61,424	\$ 1,797	\$ 63,221	\$ 62,593	\$ 628
Other Salaries for Instructions	15,000	(15,000)			
General Supplies	500		500	458	42
Total Learning/Language Disabled:	<u>76,924</u>	<u>(13,203)</u>	<u>63,721</u>	<u>63,051</u>	<u>670</u>
Multiple Disabilities:					
Salaries of Teachers					
Other Salaries for Instruction					
Other Purchased Services (400-500 series)					
Total Multiple Disabilities		-			
Resource Room:					
Salaries of Teachers	126,104	(12,402)	113,702	112,340	1,362
General Supplies	500	22	522	474	48
Other Salaries for Instruction	15,147	70	15,217	14,989	228
Total Resource Room	<u>141,751</u>	<u>(12,310)</u>	<u>129,441</u>	<u>127,803</u>	<u>1,638</u>
TOTAL SPECIAL EDUCATION	<u>218,675</u>	<u>(25,513)</u>	<u>193,162</u>	<u>190,854</u>	<u>2,308</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	106,765	5,845	112,610	111,794	816
Total Basic Skills/Remedial Instruction:	<u>106,765</u>	<u>5,845</u>	<u>112,610</u>	<u>111,794</u>	<u>816</u>
School Sponsored Co-curricular Activities:					
Salaries	4,500		4,500	1,820	2,680
Purchased Services	500		500	385	115
Total School Sponsored Co-curricular Activities	<u>5,000</u>		<u>5,000</u>	<u>2,205</u>	<u>2,795</u>
Total Instruction	<u>1,125,295</u>	<u>66,632</u>	<u>1,191,927</u>	<u>1,099,402</u>	<u>92,525</u>
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEA's Within the State - Regular	29,734	1,025	30,759	29,734	1,025
Tuition - Other LEAs Within the State - Special	36,248	6,091	42,339	42,339	
Tuition - County Voc Sch Dist Regular	100,512	(7,116)	93,396	87,948	5,448
Tuition - County Voc Sch Dist Special	22,219		22,219	22,219	
Tuition - Co Spec Serv and Regional Day Schools	226,993		226,993	184,028	42,965
Tuition to APSSD Within the State	60,035		60,035	51,446	8,589
Total Undistributed Expenditures - Instruction	<u>\$ 475,741</u>	<u>\$ -</u>	<u>\$ 475,741</u>	<u>\$ 417,714</u>	<u>\$ 58,027</u>

DOWNE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Attendance and Social Work Services:					
Salaries	\$ 12,511	\$ 1,356	\$ 13,867	\$ 13,867	\$ -
Total Attendance and Social Work Services	12,511	1,356	13,867	13,867	
Health Services:					
Salaries	50,646	715	51,361	50,731	630
Purch Prof/ Tech Services	3,750	(2,071)	1,679		1,679
Supplies and Materials	3,000		3,000	2,006	994
Total Health Services	57,396	(1,356)	56,040	52,737	3,303
Speech, OT, PT & Related Services					
Purchased Prof - Education Services	10,900	14,200	25,100	8,706	16,394
Supplies and Materials	300	(200)	100		100
Total Speech, OT, PT & Related Services	11,200	14,000	25,200	8,706	16,494
Other Support Services - Extraordinary Services					
Salaries	78,237	(4,052)	74,185	66,215	7,970
Purchased Prof - Education Services	56,700	(31,000)	25,700	20,153	5,547
Total Other Support Services - Extraordinary Services	134,937	(35,052)	99,885	86,368	13,517
Other Support Services - Students- Child Study Teams					
Purchased Professional - Educational Services	52,050		52,050	39,017	13,033
Other Purchased Prof and Tech Services	900		900		900
Other Purchased Services (400-500 series)	4,500	25	4,525	4,525	
Supplies and Materials	1,000	(25)	975	251	724
Total Other Support Services - Students- Child Study Teams	58,450		58,450	43,793	14,657
Improvement of Instructional Services					
Salaries of Other Professional Staff	25,984	2,946	28,930	27,979	951
Other Salaries	30,507	444	30,951	30,507	444
Other Purchased Services	1,000	124	1,124		1,124
Supplies and Materials	250	(250)			
Total Improvement of Instructional Services	\$ 57,741	\$ 3,264	\$ 61,005	\$ 58,486	\$ 2,519

DOWNE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures:					
Instructional Staff Training Services					
Salaries of other professional staff	\$ 15,254	\$ 221	\$ 15,475	\$ 15,254	\$ 221
Group Insurance		567	567	450	117
Total Inst. Staff Training Services	15,254	788	16,042	15,704	338
Support Services General Administration:					
Salaries	38,239		38,239	38,239	
Legal Services	5,000	83	5,083	1,485	3,598
Audit Fees	16,900	1,275	18,175	18,175	
Other Purchased Professional Services	3,000	13,820	16,820	8,095	8,725
Communication/Telephone	29,700	129	29,829	28,982	847
Miscellaneous Purchased Services	16,775	(5,024)	11,751	11,751	
General Supplies	1,000	-	1,000	472	528
Miscellaneous Expenditures	1,400	273	1,673	1,643	30
BOE Membership Dues and Fees	2,700	(28)	2,672	2,514	158
Total Support Services General Administration	114,714	10,528	125,242	111,356	13,886
Support Services School Administration:					
Salaries of Principals/Assistant Principals	43,702		43,702	43,702	
Salaries of Secretarial and Clerical Assistants	5,374	426	5,800	5,800	
Other Salaries	4,000	30	4,030	4,030	
Other Purchased Services	1,000	(440)	560		560
Supplies and Materials	1,750	707	2,457	2,108	349
Other Objects	1,550	294	1,844	1,045	799
Total Support Services School Administration	57,376	1,017	58,393	56,685	1,708
Central Services					
Purchased Professional Services	75,000		75,000	75,000	
Misc. Purchased Services (400-500)	12,000	463	12,463	12,463	
Miscellaneous Expenditures	75	8,692	8,767		8,767
Total Central Services	87,075	9,155	96,230	87,463	8,767
Admin. Info. Technology					
Purchased Technical Services	8,000		8,000	8,000	
Total Admin. Info. Technology	8,000		8,000	8,000	
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	49,150		49,150	41,200	7,950
General Supplies	8,000	605	8,605	575	8,030
Required Maintenance for School Facilities:	\$ 57,150	\$ 605	\$ 57,755	\$ 41,775	\$ 15,980

DOWNE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Custodial Services:					
Salaries	\$ 84,867	\$ -	\$ 84,867	\$ 79,497	\$ 5,370
Cleaning, Repair, and Maintenance Services	34,000	3,043	37,043	37,026	17
Insurance	23,788	861	24,649	24,649	
General Supplies	16,000	(3,283)	12,717	6,847	5,870
Energy (Natural Gas)	250	30	280	278	2
Energy (Electricity)	81,600	(30,000)	51,600	48,268	3,332
Other Objects	700	(148)	552	552	
Total Custodial Services	241,205	(29,497)	211,708	197,117	14,591
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services					
Total Care and Upkeep of Grounds					
Total Operation and Maintenance of Plant Services	298,355	(28,892)	269,463	238,892	30,571
Interest Earned on Maintenance Reserve	25		25		25
Interest Earned on Current Expense Emergency Reserve	25		25		25
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	6,600	1,265	7,865	7,488	377
Salaries - Between Home & School - Special Ed	37,690	17,876	55,566	54,922	644
Salaries for Pupil (Other than Bet. Home & School)	8,162		8,162		8,162
Other Purchased Professional and Technical Services	500	835	1,335	1,333	2
Cleaning, Repair and Maintenance Services	18,000	920	18,920	5,775	13,145
Contracted Services - Aid in Lieu of Payments - Nonpublic	2,000		2,000	2,000	
Contracted Services - Aid in Lieu of Payments - Charter	1,000		1,000		1,000
Contracted Services - Aid in Lieu of Payments - Choice Public	7,000		7,000	2,202	4,798
Contracted Services (Home/School) - Vendor	162,416		162,416	142,937	19,479
Contracted Services (Special Ed. Students) - ECS & CTSA's	90,000	(15,157)	74,843	64,230	10,613
General Supplies	15,400	99	15,499	6,846	8,653
Other Objects	2,250	(926)	1,324	795	529
Total Student Transportation Services	351,018	4,912	355,930	288,528	67,402
Unallocated Benefits:					
Social Security Contributions	43,000		43,000	38,847	4,153
Other Retirement Contributions - PERS	60,048	5,000	65,048	53,915	11,133
Workers Compensation	23,216	(1,193)	22,023	22,022	1
Health Benefits	360,179	19,479	379,658	366,341	13,317
Tuition Reimbursement	5,000	(1,380)	3,620	2,408	1,212
Other Employee Benefits	15,500	3,693	19,193	19,192	1
Total Unallocated Benefits	506,943	25,599	532,542	502,725	29,817
Total Personal Services - Employee Benefits	506,943	25,599	532,542	502,725	29,817
On-behalf TPAF Pension Contributions (non-budgeted)				354,509	(354,509)
On-behalf TPAF Post - Retire Medical (non-budgeted)				111,098	(111,098)
On-behalf TPAF Long-term Disability Contributions (non-budgeted)				434	(434)
Reimbursement TPAF Social Security Contrib. (Non-budgeted)				95,275	(95,275)
Total Undistributed Expenditures	2,246,761	5,319	2,252,080	2,552,340	(300,260)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 3,372,056	\$ 71,951	\$ 3,444,007	\$ 3,651,742	\$ (207,735)

DOWNE TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actua Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	\$ 30	\$ -	\$ 30	\$ -	\$ 30
Equipment:					
Care and Upkeep of Grounds					
School Buses					
Total Equipment					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	15,000	23,575	38,575		38,575
Construction Services	285,000	(44,175)	240,825		240,825
Equipment		5,600	5,600	5,591	9
Assessment for Debt Service on SDA Funding	2,704		2,704	2,704	
Total Facilities Acquisition and Construction Services	302,704	(15,000)	287,704	8,295	279,409
TOTAL CAPITAL OUTLAY	302,734	(15,000)	287,734	8,295	279,439
TOTAL EXPENDITURES	\$ 3,674,790	\$ 56,951	\$ 3,731,741	\$ 3,660,037	\$ 71,704
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	\$ (519,239)	\$ (56,951)	\$ (576,190)	\$ 95,344	\$ 671,534
Other financing sources (uses):					
Operating Transfer Out - Food Service	(20,000)		(20,000)	(20,000)	
Transfer to Charter School	(11,257)		(11,257)	(11,257)	
Total Other Financing Sources	(31,257)		(31,257)	(31,257)	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(550,496)	(56,951)	(607,447)	64,087	671,534
Fund Balances, July 1	1,422,673		1,422,673	1,422,673	
Prior Period Adjustment				24,623	24,623
Fund Balance, July 1 (Restated)	1,422,673		1,422,673	1,447,296	24,623
Fund Balances, June 30	\$ 872,177	\$ (56,951)	\$ 815,226	\$ 1,511,383	\$ 696,157
<u>RECAPITULATION :</u>					
<u>Reserved:</u>					
Restricted Fund Balance:					
Excess Surplus				\$ 255,286	
Excess Surplus - Designated for Subsequent Year's Expenditures				357,467	
Maintenance Reserve				174,327	
Capital Reserve				350,030	
Emergency Reserve				33,482	
Unemployment Compensation				25,115	
Assigned:					
Encumbrances				38,646	
Unassigned Fund Balance				277,030	
				1,511,383	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(145,852)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,365,531	

DOWNE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Federal Sources	\$ 119,240	\$ 93,781	\$ 213,021	\$ 187,721	\$ (25,300)
State Sources	566,343		566,343	529,114	(37,229)
Local Sources		13,460	13,460	9,360	(4,100)
Total Revenues	<u>685,583</u>	<u>107,241</u>	<u>792,824</u>	<u>726,195</u>	<u>(66,629)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	189,419	(5,547)	183,872	183,872	
Salaries - Other Instructional	15,725		15,725	15,725	
Purchased Professional Ed Services	6,796	(5,000)	1,796		1,796
Other Purchased Services	9,750	(9,250)	500		500
General Supplies	23,554	14,818	38,372	25,409	12,963
Total Instruction	<u>245,244</u>	<u>(4,979)</u>	<u>240,265</u>	<u>225,006</u>	<u>15,259</u>
Support Services					
Salaries-Principles/Assistant	42,567		42,567	42,567	
Salaries of Other Professional Staff	12,662		12,662	12,662	
Salaries - Secretary/Clerical	23,259		23,259	23,259	
Other Salaries	58,814	(5,070)	53,744	26,970	26,774
Salaries of Family/Parent Liaison	28,265		28,265	28,265	
Personal Services - Employee Benefits	193,157	19,260	212,417	212,417	
Purchased Professional & Technical Services	48,293	15,092	63,385	61,385	2,000
Other Purchased Professional Services	2,000	7,820	9,820	1,123	8,697
Cleaning, Repair & Maintenance Services	6,000		6,000	6,000	
Contact Service - Transportation	17,000		17,000	15,000	2,000
Other Purchased Services	2,000	15,570	17,570	17,570	
Supplies and Materials	6,322	32,378	38,700	23,542	15,158
Student Activities		4,100	4,100	4,100	
Total Support Services	<u>440,339</u>	<u>89,150</u>	<u>529,489</u>	<u>474,860</u>	<u>54,629</u>
Facilities Acquisition and Construction Services					
Instructional Equipment					
Non-Instructional Equipment		23,070	23,070	23,069	1
Total Facilities Acquisition and Construction Services		<u>23,070</u>	<u>23,070</u>	<u>23,069</u>	<u>1</u>
Total Expenditures	<u>685,583</u>	<u>107,241</u>	<u>792,824</u>	<u>722,935</u>	<u>69,889</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ _____	\$ _____	\$ _____	\$ 3,260	\$ 3,260
Fund Balance, July 1					
Prior Period Adjustment				<u>20,119</u>	
Fund Balance, July 1 (Restated)				<u>20,119</u>	
Fund Balance, June 30				<u>\$ 23,379</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 23,379</u>	
Total Fund Balance				<u>\$ 23,379</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

DOWNE TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET -TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 3,755,381	[C-2] \$ 726,195
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(35,426)
Prior Year		23,783
State aid payment recognized for GAAP statements in the current year, previously not recognized for budgetary purposes	157,764	58,979
State aid payment recognized for budgetary purposes, not recognized for GAAP Payments	(145,852)	(48,873)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2] \$ 3,767,293	[B-2] \$ 724,658
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,660,037	[C-2] \$ 722,935
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Current Year		(35,426)
Prior Year		23,783
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	[B-2] \$ 3,660,037	[B-2] \$ 711,292

REQUIRED SUPPLEMENTARY INFORMATION – PART III

DOWNE TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.004928%	0.005312%	0.00508517%	0.00580542%	0.00544358%	0.00577657%	0.60180600%	0.00627794%
District's Proportionate Share of the Net Pension Liability	\$ 803,705	\$ 957,121	\$ 1,001,244	\$ 1,351,409	\$ 1,612,233	\$ 1,296,724	\$ 1,126,745	\$ 1,199,839
District's Covered-Employee Payroll	\$ 295,645	\$ 343,928	\$ 356,267	\$ 373,710	\$ 374,318	\$ 397,037	\$ 363,529	\$ N/A
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	271.85%	278.29%	281.04%	361.62%	430.71%	326.60%	309.95%	N/A
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

DOWNE TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 53,915	\$ 51,772	\$ 53,781	\$ 48,360	\$ 49,663	\$ 49,612	\$ 47,303
Contributions in relation to the Contractually Required Contribution	(53,915)	(51,772)	(53,781)	(48,360)	(49,663)	(49,612)	(47,303)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$	\$ 343,928	\$ 373,710	\$ 374,710	\$ 397,037	\$ 363,529	N/A
Contributions as a Percentage of Covered-Employee Payroll	#DIV/0!	15.05%	14.39%	12.91%	12.51%	13.65%	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

DOWNE TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.011348%	0.012166%	0.011913%	0.012618%	0.011840%	0.012205%	0.012243%	0.012960%
District's Proportionate Share of the Net Pension Liability	\$ 7,472,588	\$ 7,466,431	\$ 7,578,927	\$ 8,507,440	\$ 9,313,811	\$ 7,713,883	\$ 6,543,501	\$ 6,550,013
District's Covered-Employee Payroll	\$ 1,300,446	\$ 1,310,463	\$ 1,308,216	\$ 1,226,975	\$ 1,218,312	\$ 1,180,073	\$ 1,288,562	N/A
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	574.62%	569.76%	579.33%	693.37%	764.48%	653.68%	507.81%	N/A
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is compiled, this presentation will include information for those years for which information is available.

DOWNE TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information - Part III
Schedule of Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability				
Service Cost	\$ 251,528	\$ 258,761	\$ 278,379	\$ 456,666
Interest Cost	281,045	357,603	372,429	324,462
Changes of Benefit Terms				
Differences Between Expected and Actual Experiences	2,263,082	(1,711,538)	(515,009)	-
Changes of Assumptions	2,338,814	117,573	(1,044,037)	(1,352,994)
Member Contributions	6,756	7,175	8,408	8,734
Gross Benefit Payments	(222,904)	(242,061)	(243,276)	(237,205)
Net Change in Total OPEB Liability	<u>4,918,321</u>	<u>(1,212,487)</u>	<u>(1,143,106)</u>	<u>(800,337)</u>
Total OPEB Liability - Beginning	<u>7,885,477</u>	<u>9,097,964</u>	<u>10,241,070</u>	<u>11,041,407</u>
Total OPEB Liability - Ending	<u>\$ 12,803,798</u>	<u>\$ 7,885,477</u>	<u>\$ 9,097,964</u>	<u>\$ 10,241,070</u>
Covered-Employee Payroll	<u>\$ 1,596,091</u>	<u>\$ 1,654,391</u>	<u>\$ 1,664,483</u>	<u>\$ 1,600,685</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	802.20%	476.64%	546.59%	639.79%

Notes to Schedule:

Changes of Benefit Terms: None

Differences Between Expected and Actual Experiences: The decrease in the Total OPEB Liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premium experiences. The increase in liability from June 30, 2019 to June 30, 2020 is due to changes in the census, claims and premiums experience.

Changes in Assumptions: The increase in the liability from June 30, 2018 to June 30, 2019 is due to the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions. The increase in the liability from June 30, 2019 to June 30, 2020 is due to the combined effect of the decrease in the assumed discount rate from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020; and changes in the trend, repeal of the excise tax, and updated mortality improvement assumptions.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**DOWNE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULES OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	NCLB			I.D.E.A. - Part B							Pre-School Education Program	Student Activity	Safety Program	Totals		
	Title I Part A	Title II	Title IV	Basic	Pre- School	REAP	Cares Act	Covid Relief	Digital Divide	2021				2020		
	2020-2021															
REVENUES:																
Federal Sources	\$ 67,493	\$ 1,123	\$ 10,000	\$ 60,540	\$ 845	\$ 15,170	\$ 8,232	\$ 12,810	\$ 11,508	\$	\$	\$	\$ 187,721	\$ 189,098		
State Sources										529,114			529,114	493,007		
Local Sources											7,360	2,000	9,360	2,000		
Total Revenues	\$ 67,493	\$ 1,123	\$ 10,000	\$ 60,540	\$ 845	\$ 15,170	\$ 8,232	\$ 12,810	\$ 11,508	\$ 529,114	\$ 7,360	\$ 2,000	\$ 726,195	\$ 684,105		
EXPENDITURES:																
Instruction:																
Salaries of Teachers	\$ 48,150	\$	\$	\$	\$	\$	\$	\$	\$	\$ 135,722	\$	\$	\$ 183,872	\$ 176,448		
Salaries - Other Instructional										15,725			15,725	30,921		
Purchased Professional Ed Services																
General Supplies	83		10,000						11,508	3,818			25,409	41,216		
Total Instruction	48,233		10,000						11,508	155,265			225,006	248,585		
Support Services:																
Salaries-Principles/Assistant										42,567			42,567	33,923		
Salaries of Other Professional Staff										12,662			12,662	12,235		
Salaries - Secretary/Clerical										23,259			23,259	22,970		
Other Salaries										26,970			26,970	24,706		
Salaries of Family/Parent Liaison										28,265			28,265	30,494		
Personal Services - Employee Benefits	19,260									193,157			212,417	203,320		
Purchased Professional & Technical Services				60,540	845								61,385	66,847		
Other Purchased Professional Services		1,123											1,123	4,000		
Cleaning, Repair & Maintenance Services										6,000			6,000	6		
Contact Service - Transportation										15,000			15,000	10,000		
Other Purchased Services						15,170				2,400			17,570	22,793		
Supplies and Materials							8,232	12,810		500		2,000	23,542	4,226		
Student Activities											4,100		4,100	4,226		
Total Support Services	19,260	1,123		60,540	845	15,170	8,232	12,810		350,780	4,100	2,000	474,860	435,520		
Facilities Acquisition/Construction:																
Non-Instructional Equipment										23,069			23,069			
Total Facilities Acquisition/Construction										23,069			23,069			
Total Expenditures	\$ 67,493	\$ 1,123	\$ 10,000	\$ 60,540	\$ 845	\$ 15,170	\$ 8,232	\$ 12,810	\$ 11,508	\$ 529,114	\$ 4,100	\$ 2,000	\$ 722,935	\$ 684,105		
Excess (Deficiency) of Revenues Over (Under) Expenditures													3,260	3,260		
Fund Balance, July 1																
Prior Period Adjustment													20,119	20,119		
Fund Balance, July 1 (Restated)													20,119	20,119		
Fund Balance, June 30	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 23,379	\$	\$ 23,379	\$		

DOWNE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 135,722	\$ 135,722	\$ -
Other Salaries of Instruction	15,725	15,725	
Purchased Services Pre K	1,796		1,796
Other Purchased Services	500		500
Supplies	6,554	3,818	2,736
Total Instruction	<u>160,297</u>	<u>155,265</u>	<u>5,032</u>
Support Services:			
Salaries - Program Directors	42,567	42,567	
Salaries - Other Professional	12,662	12,662	
Salaries - Secretarial/Clerical	23,259	23,259	
Salaries - Other	53,744	26,970	26,774
Salaries of Parent Involvement Spec	28,265	28,265	
Personal Services - Employee Benefits	193,157	193,157	
Other Purchased Prof Serv	2,000		2,000
Cleaning/Repair/Maintenance	6,000	6,000	
Contracted Services - Transportation (Bet. Home & School)	15,000	15,000	
Contracted Services - Transportation (Field Trips)	2,000		2,000
Miscellaneous Purchased services	2,400	2,400	
Supplies and Materials	1,922	500	1,422
Total Support Services	<u>382,976</u>	<u>350,780</u>	<u>32,196</u>
Facilities Acquisition and Construction Services:			
Instruction Equipment			
Noninstructional Equipment	23,070	23,069	1
Total Facilities Acquisition and Construction Services	<u>23,070</u>	<u>23,069</u>	<u>1</u>
Total Expenditures	<u>\$ 566,343</u>	<u>\$ 529,114</u>	<u>\$ 37,229</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2020-2021 Preschool Education Aid Allocation	\$ 488,730	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2020)	200,349	(2)
Add: Budgeted Transfer from the General Fund 2020-2021	<u> </u>	(3)
Total Preschool Education Aid Funds Available for 2020-2021 Budget	689,079	(4)
Less: 2020-2021 Budgeted Preschool Education Aid (including prior year budget carryover)	<u>566,343</u>	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2021	122,736	(6)
Add: June 30, 2021 Unexpended Preschool Education Aid	37,229	(7)
Less: 2020-2021 Commissioner-approved Transfer to the General Fund	<u> </u>	(8)
2020-2021 Carryover -Preschool Education Aid Programs	<u>\$ 159,965</u>	(9)
2020-21 Preschool Education Aid Carryover Budgeted for Preschool Programs 2021-2022	<u>\$ 132,736</u>	(10)

Note: Since the 2019-20 Actual Carryover is less than the amount budgeted in 2020-21, the District should consider revising its 2021-22 Preschool Education Program Budget. \$ 27,229

PROPRIETARY FUND DETAIL STATEMENTS

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

Food Services Fund – This fund provides for the operation of food services for the schools within the school district.

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

DOWNE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	<u>Food Service Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ -
Accounts Receivable:	
State	149
Federal	2,685
Other	286
Interfund Receivable	6,363
Total Current Assets	<u>9,483</u>
Fixed Assets:	
Equipment	55,524
Less: Depreciation	(50,752)
Total Fixed Assets	<u>4,772</u>
Total Assets	<u>\$ 14,255</u>
LIABILITIES:	
Current Liabilities:	
Interfund Payable	\$
Unearned Revenue	582
Total Current Liabilities	<u>582</u>
Long Term Debt	
Compensated absences	
Total Long Term debt	
Total Liabilities	<u>\$ 582</u>
Net Position:	
Invested in capital assets	4,772
Unrestricted	8,901
Total Net Position	<u>\$ 13,673</u>

DOWNE TOWNSHIP SCHOOL DISTRICT
PROPRIETARY ENTERPRISE FUNDS
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2021

	Food Service Fund
	<hr/>
OPERATING REVENUES:	
Local Sources:	
Daily sales - reimbursable programs	\$ 138
Daily sales - nonreimbursable programs	
	<hr/>
Total daily sales - reimbursable programs	138
	<hr/>
Total Operating Revenue	138
	<hr/>
OPERATING EXPENSES:	
Salaries	23,743
Cost of Sales - Reimbursable	61,283
Supplies and Materials	67
Depreciation	222
	<hr/>
Total Operating Expenses	\$ 85,315
	<hr/>
Operating Income (Loss)	\$ (85,177)
	<hr/>
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	1,760
Federal Sources:	
School Breakfast Program	24,507
Food Distribution Program	1,725
National School Lunch Program	48,200
	<hr/>
Total Non-Operating Revenues	76,192
	<hr/>
Operating Transfer In - From General Fund	20,000
	<hr/>
Net Increase (Decrease) in Net Position	11,015
	<hr/>
Net Position - July 1 (Deficit)	2,658
	<hr/>
Net Position - June 30	\$ 13,673
	<hr/> <hr/>

DOWNE TOWNSHIP SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2021

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 138
Payments to Employees	(23,743)
Payments to Suppliers	(70,251)
	<hr/>
Net Cash Provided by (Used for) Operating Activities	(93,856)
	<hr/>
Cash from (Used for) Operating Activities- Transfers	
	<hr/>
Total Cash Provided by (Used for) Operating Activities	(93,856)
	<hr/>
Cash Flows from Noncapital Financing Activities	
State Sources	1,760
Federal Sources	74,432
Interfund Transfer	20,000
	<hr/>
Net Cash Provided by (Used for) Noncapital Financing Activities	96,192
	<hr/>
Cash Flows from Capital and Related Financing Activities	
Purchases of Capital Assets	(2,336)
	<hr/>
Net Cash Provided by (Used For) Capital and Related Financing Activities	(2,336)
	<hr/>
Cash Flows from Investing Activities	
	<hr/>
Net Cash Provided by (Used for) Investing Activities	
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	-
	<hr/>
Balances - Beginning of Year	-
	<hr/>
Balances - End of Year	\$ -
	<hr/> <hr/>
Operating income (loss)	\$ (85,177)
Adjustments to reconcile operating income (loss) to cash used by operating activities:	
Depreciation	222
Change in assets and liabilities:	
(Increase)/decrease in Accounts Receivable	4,529
(Increase)/decrease in Interfund Receivable	(6,363)
Increase/(decrease) in Accounts Payable	
Increase/(decrease) in Interfund Payable	(2,567)
Increase/(decrease) in Compensated Absences	(4,500)
Increase/(decrease) in Unearned Revenue	-
	<hr/>
Total Adjustments	(8,679)
	<hr/>
Net Cash Provided by (Used for) Operating Activities	\$ (93,856)
	<hr/> <hr/>

DOWNE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Kid's Center</u>
ASSETS	
Current Assets:	
Cash and Cash equivalents	\$ 2,396
Accounts Receivable	391
	<hr/>
Total current assets	2,787
	<hr/>
LIABILITIES	
Current Liabilities	
Interfund Payable	
	<hr/>
Total Current Liabilities	
	<hr/>
NET POSITION:	
Unrestricted:	2,787
	<hr/>
Total Net Position	\$ 2,787
	<hr/> <hr/>

DOWNE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
JUNE 30, 2021

	<u>Internal Service Fund</u>
OPERATING REVENUES	
Charges for services	\$ 2,461
Total operating revenues	<u>2,461</u>
OPERATING EXPENSES	
Salaries	<u>3,549</u>
Total Operating Expenses	<u>3,549</u>
Operating income/(loss)	(1,088)
NET POSITION, JULY 1	<u>3,875</u>
NET POSITION JUNE 30	<u>\$ 2,787</u>

DOWNE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2021

	<u>Kids Center</u>
Cash Flow From Operating Activities	
Receipts from customers and Users	\$ 2,461
Payment to employees	(3,549)
Payment to employee benefits	
	<hr/>
Net Cash provided (used) by operating activities	(1,088)
	<hr/>
Cash Flow From Financing Activities	
Repayment of interfund loan	
	<hr/>
Net cash provided by non-capital financing activities	-
	<hr/>
Net increase/(decrease) in cash and cash equivalents	
Cash and cash equivalents July 1	3,484
	<hr/>
Cash and cash equivalents June 30	\$ 2,396
	<hr/> <hr/>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:	
Operating income/(loss)	\$ (1,088)
Adjustments to reconcile operating loss to cash provided (used) by operating activities:	
Change in assets and liabilities:	
Increase/(decrease) in interfund payable	
	<hr/>
Net cash provided by (used) by operating activities	\$ (1,088)
	<hr/> <hr/>

STATISTICAL SECTION

DOWNE TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Invested in Capital Assets, Net of Related Debt \$	522,738	472,097	484,177	587,949	549,879	507,536	699,643	644,036	607,785	463,226
Restricted	633,683	960,578	774,100	485,744	724,930	1,009,982	1,035,003	1,005,912	507,759	606,333
Unrestricted (Deficit)	161,274	70,806	133,835	(942,784)	(1,120,770)	(1,197,146)	(1,210,378)	(1,179,690)	(553,748)	(428,415)
Total Governmental Activities Net Position	\$ 1,317,695	\$ 1,503,481	\$ 1,392,112	\$ 130,909	\$ 154,039	\$ 320,372	\$ 524,268	\$ 470,258	\$ 561,796	\$ 641,144
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt \$	773	53		4,486	4,096	3,706	2,047	12,664	2,658	13,673
Unrestricted (Deficit)	(20,632)	(13,519)	(16,661)	(97,597)	(110,105)	(111,910)	(96,222)	(103,826)		
Total Business-Type Activities Net Position	\$ (19,859)	\$ (13,466)	\$ (16,661)	\$ (93,111)	\$ (106,009)	\$ (108,204)	\$ (94,175)	\$ (91,162)	\$ 2,658	\$ 13,673
District-Wide										
Invested in Capital Assets, Net of Related Debt \$	523,511	472,150	484,177	592,435	553,975	511,242	701,690	656,700	610,443	476,899
Restricted	633,683	960,578	774,100	485,744	724,930	1,009,982	1,035,003	1,005,912	507,759	606,333
Unrestricted (Deficit)	140,642	57,287	117,174	(1,040,381)	(1,230,875)	(1,309,056)	(1,306,600)	(1,283,516)	(553,748)	(428,415)
Total District-Wide Net Position	\$ 1,297,836	\$ 1,490,015	\$ 1,375,451	\$ 37,798	\$ 48,030	\$ 212,168	\$ 430,093	\$ 379,096	\$ 564,454	\$ 654,817

Source: CAFR Schedule A-1

DOWNE TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 707,951	\$ 754,232	\$ 781,608	\$ 749,596	\$ 728,346	\$ 723,949	\$ 743,248	\$ 739,638	\$ 747,739	\$ 840,018
Special Education	544,550	523,336	564,154	569,940	558,441	539,027	556,068	505,590	216,067	190,854
Other Special Education	66,620	69,735	82,576	91,407	84,877	92,960	97,802	99,723	104,893	111,794
Other Instruction	3,640	4,004	4,004	4,004	3,276	4,499	4,004	4,144	254,633	238,637
Support Services										
Tuition	356,693	209,719	498,711	779,246	656,219	520,725	416,031	424,117	354,363	417,714
Student and Instruction Related Services	360,819	401,387	354,133	458,559	439,276	453,914	564,170	630,552	548,566	542,104
School Administrative Services	96,952	93,223	102,413	73,099	71,578	51,852	52,568	49,208	114,019	111,356
General & Business Administrative Services	70,819	78,171	80,016	81,813	86,290	100,252	110,031	120,252	60,502	58,064
Central Services	71,839	72,103	74,090	86,750	86,792	90,613	87,441	96,143	95,543	95,463
Plant Operations and Maintenance	236,904	218,160	273,431	252,752	247,758	218,950	240,523	345,219	270,773	243,789
Pupil Transportation	438,812	402,860	427,532	415,234	373,031	353,950	324,565	307,783	312,443	306,715
Employee Benefits	666,387	762,701	744,344	1,085,803	1,240,093	1,579,691	2,013,449	1,672,123	1,395,704	1,711,018
Internal Service	8,671	10,863	10,649	8,269	9,902	8,931	7,607	7,868	6,110	3,549
Unallocated Depreciation and Amortization	58	1,754	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704
Total Governmental Activities Expenses	3,630,715	3,602,248	4,000,365	4,658,976	4,588,583	4,742,017	5,220,211	5,005,064	4,484,059	4,873,799
Business-Type Activities										
Food Service	93,465	103,449	98,602	70,715	77,657	68,320	65,503	68,047	98,929	85,315
Total Business-Type Activities Expense	93,465	103,449	98,602	70,715	77,657	68,320	65,503	68,047	98,929	85,315
Total District Expenses	\$ 3,724,180	\$ 3,705,697	\$ 13,842,889	\$ 13,842,889	\$ 4,666,240	\$ 19,351,381	\$ 5,285,714	\$ 5,073,111	\$ 4,582,988	\$ 4,959,114
Program Revenues										
Governmental Activities										
Charges for Service Pupil Transportation										
Pupil Transportation	61,030	78,410	63,771	42,883	34,292	22,087	71,764	40,739	10,967	-
Student & Instruction Related	9,165	9,085	12,426	8,324	9,903	8,932	7,606	7,787	8,556	2,461
Chargers for Services	220,188	270,209	231,838	551,898	675,694	908,694	1,312,510	898,582	1,220,724	1,737,285
Operating Grants & Contributions										
Total Governmental Activities Program Revenues	290,383	357,704	308,035	603,105	719,889	939,713	1,391,880	947,108	1,240,247	1,747,106
Business-Type Activities										
Charges for Services										
Food Service	21,118	15,460	11,063	8,679	8,265	12,957	11,112	12,151	9,511	138
Operating Grants and Contributions	52,030	64,311	59,344	54,502	49,003	44,495	48,079	47,933	63,713	76,192
Total Business-Type Activities Program Revenues	73,148	79,771	70,407	63,181	57,268	57,452	59,191	60,084	73,224	76,330
Total District Program Revenues	\$ 363,531	\$ 437,475	\$ 378,442	\$ 666,286	\$ 777,157	\$ 997,165	\$ 1,451,071	\$ 1,007,192	\$ 1,313,471	\$ 1,823,436
Net (Expense)/Revenue										
Governmental Activities										
Governmental Activities	\$ (3,340,332)	\$ (3,244,544)	\$ (3,692,330)	\$ (4,055,871)	\$ (3,868,694)	\$ (3,802,304)	\$ (3,828,331)	\$ (4,057,956)	\$ (3,243,812)	\$ (3,126,693)
Business-Type Activities	(20,317)	(23,678)	(28,195)	(7,534)	(20,389)	(10,868)	(6,312)	(7,963)	(25,705)	(8,985)
Total District-Wide Net Expense	\$ (3,360,649)	\$ (3,268,222)	\$ (3,720,525)	\$ (4,063,405)	\$ (3,889,083)	\$ (3,813,172)	\$ (3,834,643)	\$ (4,065,919)	\$ (3,269,517)	\$ (3,135,678)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net										
Federal and State Aid Not Restricted	1,771,218	1,748,711	1,851,891	1,854,049	1,884,618	1,867,181	1,842,875	1,897,909	1,830,762	1,691,612
Federal and State Aid Restricted	270,992	420,983	437,415	687,033	665,721	630,116	687,883	661,010		
Tuition Received	168,332	8,105	6,503	8,115	4,750	11,200	24,282	3,000	9,000	23,301
Investment Earnings	8,394	9,535	5,777	4,749	2,115	2,350	2,679	2,892	2,964	2,145
Miscellaneous Income	71,682	6,376	37,755	10,507	4,354	1,857	10,674	5,608	6,857	34,768
Transfers	(94,314)	(30,000)	(25,000)	(16,661)	(7,491)	(8,673)	(20,000)		(28,524)	(31,257)
Fixed Assets Adjustment	(1,549)						19,228	(31,079)	23,185	(80,198)
Total Governmental Activities	3,451,907	3,430,330	3,580,961	3,859,318	3,891,824	3,968,637	4,032,227	4,003,946	3,335,350	3,161,299
Business-Type Activities										
Transfer	458	71								
Prior Year Revenue Adjustment							(1,659)	10,976	91,001	
Transfer	94,314	30,000	25,000	16,661	7,491	8,673	20,000		28,524	20,000
Total Business-Type Activities	94,314	30,071	25,000	16,661	7,491	8,673	18,341	10,976	119,525	20,000
Total District-Wide	\$ 3,546,221	\$ 3,460,401	\$ 3,605,961	\$ 3,875,979	\$ 3,899,315	\$ 3,977,310	\$ 4,050,568	\$ 4,014,922	\$ 3,454,875	\$ 3,181,299
Change in Net Position										
Governmental Activities										
Governmental Activities	\$ 111,575	\$ 185,786	\$ (111,369)	\$ (196,553)	\$ 23,130	\$ 166,333	\$ 203,896	\$ (54,010)	\$ 91,538	\$ 34,606
Business-Type Activities	74,455	6,393	(3,195)	9,127	(12,898)	(2,195)	14,029	3,013	93,820	11,015
Total District-Wide	\$ 186,030	\$ 192,179	\$ (114,564)	\$ (187,426)	\$ 10,232	\$ 164,138	\$ 217,925	\$ (50,997)	\$ 185,358	\$ 45,621

Source: CAFR Schedule A-2

DOWNE TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)
(Modified Accrual Basis of Accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund										
Restricted	\$ 769,790	\$ 1,045,474	\$ 794,945	\$ 648,511	\$ 724,930	\$ 1,009,982	\$ 1,035,003	\$ 1,005,912	\$ 1,172,673	\$ 1,234,353
Unrestricted - Unassigned	120,122	93,108	91,472	43,495	85,652	79,080	82,553	84,817	92,236	131,178
Total General Fund	<u>\$ 889,912</u>	<u>\$ 1,138,582</u>	<u>\$ 886,417</u>	<u>\$ 692,006</u>	<u>\$ 810,582</u>	<u>\$ 1,089,062</u>	<u>\$ 1,117,556</u>	<u>\$ 1,090,729</u>	<u>\$ 1,264,909</u>	<u>\$ 1,365,531</u>
All Other Governmental Funds										
Unrestricted, Reported in:										
Special Revenue Fund (Deficit)	\$ (8,114)	\$ (28,935)	\$ (27,576)	\$ (48,788)	\$ (50,909)	\$ (48,788)	\$ (53,030)	\$ 53,830	\$ (58,979)	\$ (48,873)
Capital Projects Fund			133,737	50,321						
Total All Other Governmental Funds	<u>\$ (8,114)</u>	<u>\$ (28,935)</u>	<u>\$ 106,161</u>	<u>\$ 1,533</u>	<u>\$ (50,909)</u>	<u>\$ (48,788)</u>	<u>\$ (53,030)</u>	<u>\$ 53,830</u>	<u>\$ (58,979)</u>	<u>\$ (48,873)</u>

Source: CAFR Schedule B-1

DOWNE TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (UNAUDITED)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
County Tax Levy	\$ 1,257,152	\$ 1,266,620	\$ 1,266,620	\$ 1,311,526	\$ 1,337,757	\$ 1,464,606	\$ 1,464,606	\$ 1,464,606	\$ 1,491,106	\$ 1,520,928
Tuition Charges	168,332	8,105	6,503	8,115	4,750	11,200	24,282	3,000	9,000	
Transportation Fees	61,030	78,410	63,771	42,883	34,292	22,087	71,764	40,739	10,967	23,301
Interest Earnings	8,394	9,535	5,777	4,749	2,115	2,350	2,679	2,892	2,964	2,145
Miscellaneous	71,682	6,376	37,755	10,507	4,354	1,857	10,674	5,608	6,857	34,768
State Sources	2,015,003	2,256,705	2,362,196	2,631,647	2,680,695	2,682,798	2,739,249	2,731,564	2,656,649	2,703,129
Federal Sources	247,395	183,198	158,948	175,214	169,129	165,314	177,165	182,961	195,105	207,680
Total Revenues	3,828,988	3,808,949	3,901,570	4,184,641	4,233,092	4,350,212	4,490,419	4,431,370	4,372,648	4,491,951
Expenditures										
Instruction										
Regular	681,617	727,898	753,647	723,407	700,580	701,931	724,063	716,440	694,342	794,549
Special Education Instruction	540,499	519,285	559,852	565,911	554,169	535,640	553,116	502,021	216,067	190,854
Other Special Instruction	66,620	69,735	82,576	91,407	84,877	92,960	97,802	99,723	104,893	111,794
School Sponsored/other instruction	3,640	4,004	4,004	4,004	3,276	4,499	4,004	4,144	254,633	238,637
Support Services										
Tuition	356,693	209,719	498,711	779,246	656,219	520,725	416,031	424,117	354,363	417,714
Student and Instruction Related Services	360,819	401,387	354,133	458,559	439,276	453,914	564,170	630,552	548,566	542,104
General Administrative Services	65,502	87,906	96,767	76,325	80,683	95,805	106,157	115,568	111,197	111,356
School Administrative Services	91,635	72,854	74,370	67,811	65,971	47,405	48,694	44,524	60,502	56,685
Central Services	71,839	72,103	74,090	86,750	86,792	90,613	87,441	96,143	87,543	87,463
Administrative Information Tech Services									8,000	8,000
Plant Operations and Maintenance	233,359	214,615	269,667	249,227	244,020	215,986	237,940	342,096	266,194	238,892
Pupil Transportation	444,950	396,783	436,955	423,990	381,951	348,870	320,139	302,430	299,418	288,528
Employee Benefits	661,757	773,057	736,187	798,343	858,949	949,886	1,074,132	1,158,452	1,152,284	1,276,458
Capital Outlay	58	1,754	98,680	142,039	2,704	2,704	212,478	22,787	17,091	8,295
Total Expenditures	3,578,988	3,551,100	4,039,639	4,467,019	4,159,467	4,060,938	4,446,167	4,458,997	4,175,093	4,371,329
Excess (Deficiency) of Revenues Over (Under) Expenditures	250,000	257,849	(138,069)	(282,378)	(377,784)	(192,447)	746,538	(27,627)	197,555	120,622
Other Financing Sources (Uses)										
Bond & Capital Lease Proceeds			46,000							
Cancellation of Prior Year Receivables			141,196		50,321					
Transfers	(94,314)	(30,000)	(166,196)	(16,661)	(57,812)	(8,673)	(20,000)		(28,524)	(31,257)
Total Other Financing Sources (Uses)	(94,314)	(30,000)	21,000	(16,661)	(7,491)	(8,673)	(20,000)		(28,524)	(31,257)
Net Change in Fund Balances	\$ 155,686	\$ 227,849	\$ (117,069)	\$ (299,039)	\$ (385,275)	\$ (201,120)	\$ 726,538	\$ (27,627)	\$ 169,031	\$ 89,365
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0%	0%	0%	0%

Source: CAFR Schedule B-2

DOWNE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Transportation</u> <u>Fees</u>	<u>E-Rate</u>	<u>Refund of</u> <u>Prior Year</u> <u>Expenditure</u>	<u>Speech</u> <u>Teacher</u>	<u>Misc.</u>	<u>Total</u>
2021	\$ 2,145	\$ 9,000	\$ 23,301	\$ 21,536			\$ 3,872	\$ 50,854
2020	2,964	9,000	10,967				4,857	27,788
2019	2,892	3,000	40,739	2,910			2,698	2,698
2018	2,679	24,282	71,764	4,498			3,277	106,500
2017	2,350	11,200	22,087				1,857	37,494
2016	22,115	4,750	34,292				2,240	63,397
2015	4,749	8,115	42,883				9,369	65,116
2014	5,777	6,503	63,771		26,145		11,610	113,806
2013	9,535	8,105	78,410				3,260	99,310
2012	8,394	168,332	61,030		42,281	28,025	1,376	309,438

Source: District Records

DOWNE TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Total Assessed Value</u>	<u>Public Utilities ^a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate ^b</u>	<u>Estimated Actual County Equalized Value</u>
2021	\$ 10,832,700	\$ 139,150,300	\$ 4,296,900	\$ 730,800	\$ 6,769,200	\$ 161,779,900	\$	\$ 161,779,900	0.941	\$ 129,124,352
2020	10,669,000	141,922,600	4,966,200	752,000	6,984,500	165,294,300		165,294,300	0.862	132,415,525
2019	10,752,900	143,885,100	4,975,200	673,300	7,021,900	167,308,400		167,308,400	0.854	140,030,465
2018	10,988,300	145,919,400	5,168,400	643,400	7,341,900	170,061,400		170,061,400	0.862	155,548,706
2017	10,968,900	146,893,400	5,592,000	808,100	7,432,300	171,694,700		171,694,700	0.854	147,567,426
2016	11,073,400	149,650,900	5,379,800	520,600	7,432,300	174,057,000	333,957	174,390,957	0.840	158,248,023
2015	11,347,200	151,241,000	5,288,500	612,900	7,694,500	176,184,100	347,405	176,531,505	0.758	156,635,935
2014	12,047,400	152,421,600	5,535,500	536,200	7,259,100	177,799,800	354,745	178,154,545	0.737	151,023,359
2013						181,200,800	448,192	181,648,992	0.698	163,974,030
2012						185,833,900	497,280	186,331,180	0.680	158,175,003

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

R Revaluation

**DOWNE TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)
(UNAUDITED)**

Year Ended June 30,	Downe Township Board of Education		Overlapping Rates			Total Direct and Overlapping Rates	Local Fire Districts
	Basic Rate ^a	General Obligation Debt Service ^p	Total Direct	Municipality of Downe Twp.	Cumberland County		
2021	\$ 0.941	\$ 0.000	\$ 0.941	\$ 0.32	\$ 0.989	\$ 2.253	\$ 0.389
2020	0.862	0.000	0.862	0.29	1.081	2.591	0.362
2019	0.854	0.000	0.854	0.28	1.002	2.495	0.358
2018	0.862	0.000	0.862	0.29	1.081	2.591	0.362
2017	0.854	0.000	0.854	0.28	1.002	2.495	0.358
2016	0.840	0.000	0.840	0.27	1.026	2.493	0.354
2015	0.758	0.000	0.758	0.26	0.989	2.345	0.339
2014	0.737	0.000	0.737	0.23	0.883	2.190	0.339
2013	0.698	0.000	0.698	0.22	0.887	2.123	0.320
2012	0.680	0.000	0.680	0.20	0.807	2.006	0.316

(1) District dissolved

Source: District Records and Municipal Tax Collector

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

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

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

c Tax rates have not been confirmed by the County Board of Taxation as of the date of the audit report.

DOWNE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Taxpayer</u>	<u>2021</u>		<u>2012</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Hanson AGGR BMC INC	\$ 3,795,600	2.35%		
Silvi Concrete of Chester CO LLC	2,317,300	1.43%		
Taxpayer #1	826,800	0.51%		
Heritage Hill Estate LLC	813,600	0.50%		
Taxpayer #2	750,900	0.46%		NOT AVAILABLE
Taxpayer #3	656,500	0.41%		
BMC 3 Galleria T	544,500	0.34%		
County Line Blueberry Farm INC	520,700	0.32%		
Lake Acres INC	508,000	0.31%		
Taxpayer #4	468,500	0.29%		
Total	\$ <u>11,202,400</u>	<u>6.92%</u>	\$ <u>-</u>	<u>0.00%</u>

Source: District CAFR & Municipal Tax Assessor

EXHIBIT J-9

DOWNE TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Year</u>	<u>Collected Within the Fiscal</u> <u>Year of the Levy</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>% of Levy</u>	
2021	\$ 1,520,928	\$ 1,520,928	\$ 100.00%	\$
2020	1,491,106	1,491,106	100.00%	
2019	1,464,606	1,464,606	100.00%	
2018	1,464,606	1,464,606	100.00%	
2017	1,464,606	1,464,606	100.00%	
2016	1,337,757	1,337,757	100.00%	
2015	1,311,526	1,311,526	100.00%	
2014	1,266,620	1,266,620	100.00%	
2013	1,266,620	1,266,620	100.00%	
2012	1,257,152	1,257,152	100.00%	

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

DOWNE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Income ^a		Per Capita ^a	
2021	\$	\$	\$	\$	\$	N/A	\$	N/A
2020						N/A		N/A
2019						N/A		N/A
2018						N/A		N/A
2017						N/A		N/A
2016						0.03%		N/A
2015		15,327			15,327.00	0.05%		10
2014		30,125			30,125.00	N/A		19
2013						N/A		0
2012						N/A		0

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

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

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

DOWNE TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			Percentage of Net General Actual Taxable Value ^a of Property		Per Capita ^b
	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Outstanding</u>			
2021	\$ 0	\$ 0	\$ 0	0	N/A	\$ N/A
2020	0	0	0	0	N/A	N/A
2019	0	0	0	0	N/A	N/A
2018	0	0	0	0	N/A	N/A
2017	0	0	0	0	N/A	N/A
2016	0	0	0	0	N/A	N/A
2015	0	0	0	0	N/A	N/A
2014	0	0	0	0	N/A	N/A
2013	0	0	0	0	N/A	N/A
2012	0	0	0	0	N/A	N/A

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

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

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

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

DOWNE TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021
(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			
Downe Township	\$ 1,936,359	100%	\$ 1,936,359
County of Cumberland - Townships Share	101,224,050	1.48%	1,502,239
Subtotal, Overlapping Debt			<u>3,438,598</u>
Downe Township School District Direct Debt			<u>-</u>
Total Direct and Overlapping Debt			<u><u>\$ 3,438,598</u></u>

Sources: Township of Downe Finance Officer, Cumberland County Finance Office and Utility Authorities

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

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

DOWNE TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2021	** 1,430	\$ 59,068,726	\$ 41,320	8.6%
2020	1,433	57,830,689	41,278	9.5%
2019	1,444	58,356,481	41,237	4.9%
2018	1,494	60,232,055	39,587	5.6%
2017	1,506	58,215,410	38,807	5.4%
2016	1,513	56,797,710	37,617	6.7%
2015	1,520	56,074,320	36,916	8.1%
2014	1,538	54,577,468	35,526	10.7%
2013	1,557	53,644,878	34,467	10.9%
2012	1,575	53,867,680	34,182	14.1%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita Source: Regional Economic Information System

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

** Estimates

DOWNE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Inspira Health Network	3,659	2.78%	2,837	2.30%
Americold formerly AGRO Merchants	1,260	0.96%		
F & S Produce/Pipcp Transportstion	1,066	0.81%	525	0.43%
Wal-Mart	820	0.62%	806	0.65%
Duramd Glass Manufacturing Co./ARC International	750	0.57%	970	0.79%
Gerresheimer (Kimble)			876	0.71%
Safeway Fresh Foods	712	0.54%		
ShopRite	707	0.54%	737	0.60%
WaWa	658	0.50%	562	0.46%
Seabrook Bros. & Sons			550	0.45%
Sheppard Bus Service	594	0.45%	520	0.42%
Elwyn New Jersey (Vld. Training)			518	0.42%
Northeast Precast	430	0.33%		
	<u>10,656</u>	<u>8.10%</u>	<u>8,901</u>	<u>7.23%</u>

DOWNE TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	16.5	16.5	18.0	18.0	16.5	16.5	15.5	16.0	15.0	14.0
Special education	5.5	5.5	5.5	4.5	5.5	6.5	7.5	9.5	2.0	3.0
Other special education										
Other instruction										
Support Services:										
Student & instruction related services	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	7.0	7.0
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
School administrative services	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	4.0	4.0
Business administrative services										
Plant operations and maintenance	2.0	2.0	2.5	2.5	2.5	2.0	2.0	2.0	2.0	2.0
Pupil transportation	3.5	3.5	4.0	4.0	3.5	3.5	4.0	2.0	1.0	1.0
Food Service	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Total	34.0	34.0	35.5	34.0	33.0	33.5	35.0	35.5	34.0	34.0

Source: District Personnel Records
School Aide Position Report as of 9/30 each year.
Certified Staff report as of 10/15 each year.

DOWNE TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2021	165	\$ 4,363,034	\$ 26,443	9.08%	17	1:9.7	N/A	163.3	157.9	-9.08%	96.69%
2020	173	4,158,002	24,035	-0.85%	17	1:10	N/A	174.4	167.8	-2.90%	96.22%
2019	183	4,436,210	24,242	1.92%	19	1:15	N/A	179.6	169.5	-1.05%	94.38%
2018	178	4,233,689	23,785	5.50%	19	1:15	N/A	181.5	172.8	-0.71%	95.21%
2017	180	4,058,234	22,546	-2.91%	19	1:15	N/A	182.8	172.4	2.52%	94.31%
2016	179	4,156,763	23,222	2.55%	19	1:15	N/A	178.3	169.6	-6.75%	95.12%
2015	191	4,324,980	22,644	11.47%	20	1:16	N/A	191.2	181.6	1.16%	94.98%
2014	194	3,940,959	20,314	8.17%	20	1:16	N/A	189.0	178.9	3.90%	94.66%
2013	189	3,549,346	18,780	-12.11%	19	1:16	N/A	181.9	170.5	0.66%	93.73%
2012	178	3,803,142	21,366	-2.93%	19	1:14	N/A	180.7	171.0	8.33%	94.63%

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

Note: Enrollment based on June Student Placement Report

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

DOWNE TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
 (UNAUDITED)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>District Building</u>										
<u>Elementary, Middle & High</u>										
220 Main Street (1971)										
Square Feet	30,035	30,035	30,035	30,035	30,035	30,035	30,035	30,035	30,035	30,035
Capacity (students)	295	295	295	295	295	295	295	295	295	295
Enrollment	163	163	194	191	191	179	178	178	173	165
<u>Other</u>										
Administration Building										
Square Feet	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344
Transportation										
Square Feet	750	750	750	750	750	750	750	750	750	750
Storage Shed										
Square Feet	288	288	288	288	288	288	288	288	288	288
Storage Shed #2 (2002)										
Square Feet	768	768	768	768	768	768	768	768	768	768
Storage Shed #3 (2002)										
Square Feet	768	768	768	768	768	768	768	768	768	768
Number of Schools at June 30, 2019										
Elementary = 1										
Other = 5										

Source: District records, ASSA

DOWNE TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
LAST TEN FISCAL YEARS
(UNAUDITED)

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

<u>School Facilities</u>	<u>Project #</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Primary School		\$ 41,775	50,672	\$ 90,812	\$ 42,225	\$ 31,036	\$ 54,412	\$ 58,118	\$ 38,471	\$ 58,118	\$ 28,752
Total School Facilities		41,775	50,672	90,812	42,225	31,036	54,412	58,118	38,471	58,118	28,752
Other Facilities											
Grand Total		\$ 41,775	50,672	\$ 90,812	\$ 42,225	\$ 31,036	\$ 54,412	\$ 58,118	\$ 38,471	\$ 58,118	\$ 28,752

DOWNE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Fund	School Package Policy		
	Property Blanket Building & Contents	\$ 6,436,128	\$ 2,500
	Extra Expense	50,000,000	2,500
	Newly Acquired Property	25,000,000	2,500
	Builders Risk (New Construction)	25,000,000	2,500
	Property in Transit	25,000,000	2,500
	Automobile Physical Damage	Included	2,500
	Unnamed Locations	25,000,000	2,500
	Demolition and Increased Cost of Construction	50,000,000	2,500
	Earthquake	25,000,000	2,500
	Flood	10,000,000	2,500
	Accounts Receivable	2,500,000	2,500
	Fine Arts	2,500,000	2,500
	Terrorism	100,000,000	2,500
	Boiler & Machinery	100,000,000	2,500
	Data Processing Equipment	125,000	2,500
	Commercial General Liability		
	Occurrence Limit	5,000,000	
	Products & completed Operations Aggregate	5,000,000	
	Fire Legal Liability	2,500,000	
	Premises Medical Expense	5,000	
	Employee Benefits Liability	5,000,000	1,000
	Abuse/Molestation Per Occurrence	10,000,000	
	Abuse/Molestation Aggregate Limit	10,000,000	
	Crime	500,000	1,000
	Cyber Liability	2,000,000	10,000
	Business Automobile Coverage		
	Combined BI/PD Limit of Liability	5,000,000	1,000
	Personal Injury Protection	100,000	
	Per Person	15,000	
	Each Accident	30,000	
	Property Damage	5,000	500
	Hire/Non-Owned Auto	5,000,000	
	Hired Car Physical Damage	75,000	
	Commercial Excess Liability	5,000,000	
School Leaders E & O Liability	5,000,000	5,000	
Pollution Liability			
Per Environmental Incident	1,000,000		
Aggregate All Environmental Incidents	25,000,000		
Indoor Environmental Conditions Per Claim	500,000		
Indoor Environmental Conditions Annual Aggregate	2,000,000		
Retention Per Environmental Incident	10,000		
Retention (Indoor Environmental Conditions)	50,000		
NJSIG	Workers Compensation	3,000,000	
	Surety Bonds		
Ohio Casualty Ins Co.	Business Administrator	25,000	
Selective Insurance Co	Treasurer	160,000	
	Student Accident Policy		
Berkeley Ins. Company	Accident Medical Expense Benefit	1,000,000	
United States Fire	Catastrophic Student Accident Ins.	5,000,000	25,000

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Downe Township School District, in the County of Cumberland, State of New Jersey, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board of Education of the Downe Township School District's basic financial statements, and have issued our report thereon dated January 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Downe Township Board of Education'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 Downe Township Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Downe Township Board of Education's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. There were no deficiencies identified in the accompanying schedule of findings and questioned costs.

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. There were no deficiencies identified in the accompanying schedule of findings and questioned costs.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Downe Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
January 27, 2022

NIGHTLINGER, COLAVITA & VOLPA

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 15-08

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Downe Township School District, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Downe Township School District's major state programs for the fiscal year ended June 30, 2021. The Downe Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major State Program

In our opinion, the Board of Education of the Downe Township School District, in the County of Cumberland, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a 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. There were no deficiencies identified in the accompanying schedule of findings and questioned costs.

A significant deficiency in internal control over compliance is a deficiency, or 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance in the accompanying schedule of findings and questioned costs and reported to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated January 27, 2022.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
January 27, 2022

**DOWNE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Balance at June 30, 2021		
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education															
General Fund:															
Medical Asst Program	93.778	2005NJ5MAP	N/A	\$ 7,710	7/1/20	6/30/21	\$	\$	\$ 7,710	\$ (7,710)	\$	\$ (7,710)	\$	\$	\$
Total General Fund									7,710	(7,710)		(7,710)			
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
ESEA															
Title I, Part A	84.010	S010A200030	ESEA-112020	67,121	7/1/19	9/30/20	(39,554)		39,554						
Title I, Part A	84.010	S010A200030	ESEA-112021	67,493	7/1/20	9/30/21			29,622	(67,493)		(67,493)	(37,871)		
Title II, Part A	84.367A	S367A200029	ESEA-112020	8,671	7/1/19	9/30/20	(838)		838						
Title II, Part A	84.367A	S367A200029	ESEA-112021	9,820	7/1/20	9/30/21				(1,123)		(1,123)	(1,123)		
Title IV	84.424A	S424A200031	ESEA-112020	10,000	7/1/19	9/30/20	(10,000)		10,000						
Title IV	84.424A	S424A200031	ESEA-112021	10,000	7/1/20	9/30/21				(10,000)		(10,000)			
IDEA Cluster:															
IDEA Part B Basic	84.027A	H027A200100	IDEA-112020	59,504	7/1/19	9/30/20	(21,224)		21,224						
IDEA Part B Basic	84.027A	H027A200100	IDEA-112021	60,540	7/1/20	9/30/21			50,172	(60,540)		(60,540)	(10,368)		
IDEA Preschool	84.173	H173A200114	IDEAPS-112020	862	7/1/20	9/30/20	(862)		862						
IDEA Preschool	84.173	H173A200114	IDEAPS-112021	845	7/1/20	9/30/21				(845)		(845)	(845)		
REAP	84.358	S358B190030	REAP-112021	15,170	7/1/20	9/30/21			15,170	(15,170)		(15,170)			
Covid Relief	21.019	N/A	21E00041	12,810	7/1/20-12/31/20				12,810	(12,810)		(12,810)			
Digital Divide	84.25D	S425D200027	N/A	11,508	7/16/20-10/31/20				11,508	(11,508)		(11,508)			
CARES ACT 2020/ESSER	84.425D	S425D200027	CARES-112020	55,926	3/13/20-9/30/22		(24,747)		27,170	(8,232)		(8,232)	(5,809)		
Total Special Revenue Fund									228,930	(187,721)		(187,721)	(56,016)		
U.S Dept of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Child Nutrition Cluster:															
Cash Assistance:															
Food Distribution Program	10.555	211NJ304N1099	N/A	1,725	7/1/20	6/30/21			1,725	(1,725)		(1,725)			
School Breakfast Program	10.553	201NJ304N1099	N/A	18,331	7/1/19	6/30/20	(2,750)		2,750						
School Breakfast Program	10.553	211NJ304N1099	N/A	24,507	7/1/20	6/30/21			23,928	(24,507)		(24,507)	(579)		
National School Lunch Program	10.555	201NJ304N1099	N/A	37,608	7/1/19	6/30/20	(4,375)		4,375						
National School Lunch Program	10.565	211NJ304N1099	N/A	48,200	7/1/20	6/30/21			46,094	(48,200)		(48,200)	(2,106)		
Total Enterprise Fund									78,872	(74,432)		(74,432)	(2,685)		
Total Federal Financial Awards							\$ (104,350)	\$	\$ 315,512	\$ (269,863)	\$	\$ (269,863)	\$ (58,701)	\$	\$

(A) There were no awards passed through to subrecipients.

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

A Single Audit was not required in accordance with Uniform Guidance since the total of all federal grant expenditures was less than \$750,000.

**DOWNE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2020			Cash Received	Budgetary Expenditures	Balance at June 30, 2021		Memo Budgetary Receivable	Cumulative Total Expenditures
				(Accounts Receivable)	Deferred Revenue	Carry-Over			(Accounts Receivable)	Deferred Revenue		
State Department of Education:												
General Fund:												
Equalization Aid	21-495-034-5120-078	\$ 1,121,852	7/1/20-6/30/21	\$	\$	\$	\$ 1,018,784	\$ (1,121,852)	\$ (103,068)	\$	\$ (103,068)	\$ 1,121,852
School Choice Aid	21-495-034-5120-068	198,025	7/1/20-6/30/21				179,832	(198,025)	(18,193)		(18,193)	198,025
Categorical Security Aid	21-495-034-5120-084	40,699	7/1/20-6/30/21				36,960	(40,699)	(3,739)		(3,739)	40,699
Transportation Aid	21-495-034-5120-014	117,588	7/1/20-6/30/21				106,785	(117,588)	(10,803)		(10,803)	117,588
Categorical Special Education Aid	21-495-034-5120-089	109,379	7/1/20-6/30/21				99,330	(109,379)	(10,049)		(10,049)	109,379
NonPublic Transportation Aid	21-495-034-5120-014	870	7/1/20-6/30/21					(870)	(870)			870
Extraordinary Aid	21-495-034-5120-044	26,160	7/1/20-6/30/21					(26,160)	(26,160)			26,160
On Behalf TPAF Pension Contribution	21-495-034-5094-002	354,509	7/1/20-6/30/21				354,509	(354,509)				354,509
On Behalf TPAF Post Retirement Med'l. Contrib.	21-495-034-5094-001	111,098	7/1/20-6/30/21				111,098	(111,098)				111,098
On Behalf TPAF Long Term Disability Contrib.	21-495-034-5094-004	434	7/1/20-6/30/21				434	(434)				434
Reimbursed TPAF Social Security Contrib.	20-495-034-5094-003	95,740	7/1/19-6/30/20	(4,751)			4,751					434
Reimbursed TPAF Social Security Contrib.	21-495-034-5094-003	95,275	7/1/20-6/30/21				95,275	(95,275)				95,275
Total General Fund:				(4,751)			2,007,758	(2,175,889)	(172,882)		(145,852)	2,175,889
Special Revenue Fund												
Pre-School Education Aid	20-495-034-5120-086	589,788	7/1/19-6/30/20	(58,979)	200,349	(200,349)	58,979					
Pre-School Education Aid	21-495-034-5120-086	488,730	7/1/20-6/30/21			200,349	439,857	(529,114)	(48,873)	159,965		529,114
Total Special Revenue Fund:				(58,979)	200,349		498,836	(529,114)	(48,873)	159,965		529,114
State Department of Agriculture:												
Food Service Enterprise Fund												
National School Lunch Program (State Share)	20-100-010-3350-023	893	7/1/19-6/30/20	(238)			238					
National School Lunch Program (State Share)	21-100-010-3350-023	1,760	7/1/20-6/30/21				1,611	(1,760)	(149)			1,760
Total Enterprise Fund:				(238)			1,849	(1,760)	(149)			1,760
Total State Financial Assistance:				\$ (63,968)	\$ 200,349	\$	\$ 2,508,443	\$ (2,706,763)	\$ (221,904)	\$ 159,965	\$ (145,852)	\$ 2,706,763
Less: On-Behalf TPAF Pension System Contributions												
On Behalf TPAF Pension Contribution	21-495-034-5094-002	354,509	7/1/20-6/30/21				\$ 354,509	\$ (354,509)				
On Behalf TPAF Post Retirement Med'l. Contrib.	21-495-034-5094-001	111,098	7/1/20-6/30/21				111,098	(111,098)				
On Behalf TPAF Long Term Disability Contrib.	21-495-034-5094-004	434	7/1/20-6/30/21				434	(434)				
Total For State Financial Assistance - Major Program Determination							\$ 2,042,402	\$ (2,240,722)				

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

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey Treasury Circular OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3: 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A., 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund, where applicable, also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$11,912 for the general fund and (\$1,537) for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

DOWNE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE

JUNE 30, 2021
(Continued)

	Federal	State	Total
General Fund	\$ 7,710	\$ 2,187,801	\$ 2,195,511
Special Revenue Fund	199,970	515,328	715,298
Food Service Fund	74,432	1,760	76,192
Total Financial Assistance	\$ 282,112	\$ 2,704,889	\$ 2,987,001

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Downe Township School District had no federal or state loan balances outstanding at June 30, 2021.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

NOTE 7: MAJOR PROGRAM

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

NOTE 8: SCHOOL-WIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 9: ADJUSTMENT

There were no adjustments on Schedule A, Exhibit K-3 or on Schedule B, Exhibit K-4

**DOWNE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified? _____ yes X no

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards N/A

Internal control over major programs:

1) Material weakness (es) identified? _____ yes _____ no

2) Significant deficiencies identified? _____ Yes _____ none reported

Type of auditor's report issued on compliance for major programs: **N/A**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section .516(a)? _____ yes _____ no

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
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N/A

Dollar threshold used to distinguish between type A and type B programs: **N/A**

Auditee qualified as low-risk auditee? _____ yes _____ no

**DOWNE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(continued)**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Treasury Circular 15-08 audit.

Finding: None

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

**DOWNE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(continued)**

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS

Finding: N/A

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

STATE AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

**DOWNE TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Treasury Circular 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS

Finding: 2020-1

Condition: The District's accounting system did not provide a year-end closeout report, listing open orders broken out by encumbrances or accounts payable, without extending an analysis to the subsequent year's orders rolled over.

Current Status: Resolved

Finding: 2020-2

Condition: The Fixed Assets of the Food Service Fund were comingled with General Fund assets in the report provided by the outside vendor and the accounting software package of the District did not provide separate lists of additions/deletions for each fund.

Current Status: Resolved