

**READINGTON TOWNSHIP
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2021

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



Certified Public Accountants, PC

**READINGTON TOWNSHIP
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

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February 23, 2022

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Readington Township Public School 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 Board of Education. To the best of our knowledge and belief, the data presented in the auditor's report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: introduction, financial, statistical and single audit. The introduction section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements, management's discussion and analysis and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Readington Township Public School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board. All funds and account groups of the District are included in this report. The Readington Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular, as well as special education (pre-school through 8th grade) handicapped youngsters. The District completed the 2020-2021 fiscal year with an in-district enrollment of 1,431 students, which is 4% students below the previous year's enrollment. The larger than normal decline is primarily the result of student disenrollment for homeschooling purposes due to the impact of COVID-19. The following chart details the changes in the student enrollment of the District for the past ten fiscal years. These figures do not include those students sent out of district for special education placements.

Fiscal Year	Enrollment in District	% Change
2011-2012	1963	-3.8%
2012-2013	1867	-4.9%
2013-2014	1778	-4.8%
2014-2015	1752	-1.5%
2015-2016	1695	-3.2%
2016-2017	1620	-4.4%
2017-2018	1528	-6.0%
2018-2019	1509	-1.2%
2019-2020	1490	-1.3%
2020-2021	1431	-4.0%

2. ECONOMIC CONDITION AND OUTLOOK:

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

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

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

3. MAJOR INITIATIVES:

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

Technology availability and bandwidth has been exemplary, with a complete one-to-one initiative in all K-8 grades. Student achievement results have been strong and compare favorably with peer districts and state averages.

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

- **Inquisitive Learning:** Create and establish an inquiry-based framework that values an interest-driven learning environment. Learners will, individually and collaboratively, focus on identifying, analyzing, and solving problems as inquisitive members of their community.
- **Social Awareness:** Our learners will feel connected, valued, and secure in a learning environment cultivated by a shared sense of community. Every individual will develop skills that promote an awareness of self and others, including the ability to understand the impact of their decisions.

- **Partnerships:** Establish partnerships that foster meaningful educational opportunities on local, regional, and global scales. Prepare all learners to become engaged and productive citizens through service to others, collaboration, and real-world connections.

In addition to furthering the already-rich instructional environment in Readington's classrooms, funding has been set aside for facility improvements. The district installed a new roof on a portion of Holland Brook School, replaced a boiler at Three Bridges School, and installed new LED lighting in both Whitehouse and Three Bridges Schools. Other safety improvements, information technology and maintenance projects also occurred. These projects were accomplished through reserve funding without directly impacting the tax levy or through a referendum. More projects are planned for the summer of 2021.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

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

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

8. DEBT ADMINISTRATION:

In October of 1996, the District passed a \$12,000,000 bond referendum for construction of a new intermediate school, Holland Brook School. The project was eligible for state funding through a grant from the SCC/SDA. Additionally, the referendum included Americans with Disabilities Act (A.D.A.) improvements. The total cost of the referendum was \$12,800,000, with the additional \$800,000 funded on the interest earnings received on the investment of the \$12,000,000. The bonds were partially refinanced in 2004. As of June 30, 2021, \$4,035,000 remained in principal to be paid, with the final payment to be made on January 1, 2027.

In 2002, the District passed a \$27,790,000 bond referendum for renovations and construction at Readington Middle School, Holland Brook School, Three Bridges School, and Whitehouse School. This project also qualified for state funding through an SCC/SDA grant. There was a partial refunding of the 2002 Bond Series in December of 2006 of \$10,000,000, and another partial refunding of \$5,415,000 in November, 2010, with an additional partial refunding in 2017 of the December 2006 Bond Series originally in aggregate of \$10,000,000. As of June 30, 2021, \$6,745,000 remained in principal to be paid, with the final payment to be made on July 15, 2026.

9. CASH MANAGEMENT:

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

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

10. RISK MANAGEMENT:

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

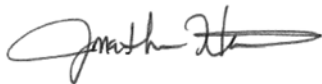
11. OTHER INFORMATION:

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

12. ACKNOWLEDGEMENTS:

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

Respectfully submitted,

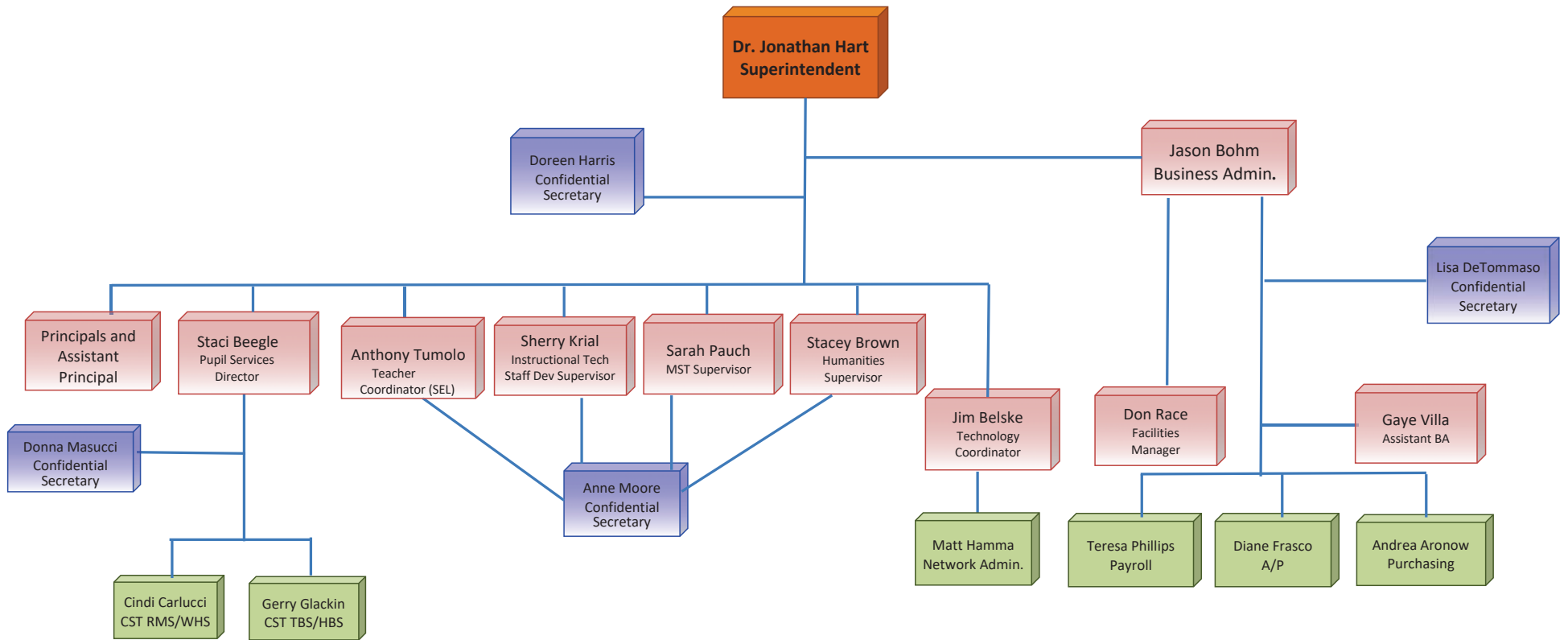


Jonathan Hart, Ph.D.
Superintendent of Schools



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

Readington Township Board Office Organizational Chart 2020-2021 School Year



**READINGTON TOWNSHIP BOARD OF EDUCATION
READINGTON TOWNSHIP, NEW JERSEY**

**Roster of Officials
June 30, 2021**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expiration</u>
Laura Simon	President	2022
Carol Hample	Vice President	2023
Dr. Camille Cerciello		2021
Anthony Emmons		2021
Julie Flores		2021
Eric Zwerling		2021
Carolyn Podgorski		2022
Thomas Wallace		2022
Elizabeth Fiore		2023

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

**READINGTON TOWNSHIP BOARD OF EDUCATION
READINGTON TOWNSHIP, NEW JERSEY**

**Consultants and Advisors
June 30, 2021**

AUDIT FIRM

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

SOLICITOR

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

OFFICIAL DEPOSITORY

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

ARCHITECT

SSP Architectural Group
148 West End Avenue
Somerville, NJ 08876



Certified Public Accountants, PC

www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Readington Township School District, (the District) in the County of Hunterdon, the State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Readington Township School District, as of June 30, 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.

Change in Accounting Principle

The District adopted new accounting guidance as promulgated by GASB Statement No. 84, *Fiduciary Activities*. Our opinion is 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 Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs, PC



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

February 23, 2022
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The Readington Township School District's (the District) management's discussion and analysis is designed to provide an overview of the District's financial activities for the year ended June 30, 2021, identify changes in the District's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position increased \$3,118,141, which represents a 12.34% increase from fiscal year 2020.
- General revenues accounted for \$51,268,356 in revenue or 97.90% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,101,843 or 2.10% to total revenues of \$52,370,199.
- Total assets of governmental activities increased by \$1,138,566 as cash and cash equivalents increased by \$660,892, receivables increased by \$54,064 and capital assets increased by \$423,610.
- The School District had \$49,252,058 in expenses; only \$1,101,843 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes) of \$51,268,356 were adequate to provide for these programs.
- Among major funds, the general fund had \$38,961,335 in revenues, \$38,328,050 in expenditures, and transfers in from the capital projects fund totaling \$128,078. The General fund's balance increased \$761,363 from fiscal year 2020.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Readington Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For Governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Readington Township School District, the General fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statement focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital project fund and debt service fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how much money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the operating results by measuring cash on hand and other assets that can be easily converted into cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The School District as a Whole

Table 1 provides a summary of the District's net position at June 30, 2021 with comparison to June 30, 2020.

Table 1
Net Position

	06/30/21	06/30/20	Variance	
			Dollars	%
Current & other assets	\$ 9,298,903	\$ 8,528,684	\$ 770,219	9.03%
Capital assets	41,253,742	40,837,900	415,842	1.02%
Total assets	<u>50,552,645</u>	<u>49,366,584</u>	<u>1,186,061</u>	2.40%
Deferred pension activity	<u>2,256,515</u>	<u>2,232,864</u>	<u>23,651</u>	1.06%
Total deferred outflows of resources	<u>2,256,515</u>	<u>2,232,864</u>	<u>23,651</u>	1.06%
Long-term liabilities	20,288,611	22,446,892	(2,158,281)	-9.62%
Other liabilities	488,692	413,374	75,318	18.22%
Total liabilities	<u>20,777,303</u>	<u>22,860,266</u>	<u>(2,082,963)</u>	-9.11%
Deferred pension activity	<u>3,648,049</u>	<u>3,473,515</u>	<u>174,534</u>	5.02%
Total deferred inflows of resources	<u>3,648,049</u>	<u>3,473,515</u>	<u>174,534</u>	5.02%
Net position				
Net investment in capital assets	30,473,742	28,492,900	1,980,842	6.95%
Restricted	5,803,449	5,500,633	302,816	5.51%
Unrestricted	<u>(7,893,383)</u>	<u>(8,727,866)</u>	<u>834,483</u>	9.56%
Total net position	<u>\$ 28,383,808</u>	<u>\$ 25,265,667</u>	<u>\$ 3,118,141</u>	12.34%

Total assets increased by \$1,186,061. Cash and cash equivalents increased by \$701,243, receivables and other assets increased by \$68,976, and capital assets increased by \$415,842. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District decreased by \$834,483. The negative balance in unrestricted net position is the result of reporting requirements of the State's net pension liability. This is a requirement under GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

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Table 2 provides a summary of the District's changes in net position in fiscal year ending June 30, 2021 with comparisons to fiscal year ending June 30, 2020.

Table 2
Changes in Net Position

	06/30/21	06/30/20	Variance	
			Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 255,843	\$ 664,954	\$ (409,111)	-61.52%
Operating grants	821,278	569,140	252,138	44.30%
Capital grants	24,722	-	24,722	*
General revenues				
Property taxes	32,279,284	31,567,322	711,962	2.26%
Unrestricted grants	18,929,918	13,399,683	5,530,235	41.27%
Other	59,154	123,022	(63,868)	-51.92%
Total revenues	<u>52,370,199</u>	<u>46,324,121</u>	<u>6,046,078</u>	<u>13.05%</u>
Program expenses				
Instruction				
Regular	19,889,205	17,301,617	2,587,588	14.96%
Special	7,541,579	6,569,476	972,103	14.80%
Other	2,000,091	1,969,110	30,981	1.57%
Support services				
Tuition	762,399	935,044	(172,645)	-18.46%
Student & instructional staff	9,082,443	7,838,400	1,244,043	15.87%
General & business administration	1,815,141	1,756,304	58,837	3.35%
School administration	2,753,272	2,350,013	403,259	17.16%
Maintenance	2,981,426	2,879,796	101,630	3.53%
Transportation	1,872,310	1,743,300	129,010	7.40%
Food service	183,850	420,413	(236,563)	-56.27%
Summer programs	-	9,393	(9,393)	-100.00%
Interest on long-term debt	370,342	421,510	(51,168)	-12.14%
Total expenses	<u>49,252,058</u>	<u>44,194,376</u>	<u>5,057,682</u>	<u>11.44%</u>
Increase (decrease) in net position	<u>\$ 3,118,141</u>	<u>\$ 2,129,745</u>	<u>\$ 988,396</u>	<u>46.41%</u>

* Undefined

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Governmental Activities

The Readington Township Board of Education has their annual election in November, thereby requiring voter budget approval only if the tax levy exceeds state mandated cap. Property taxes made up for 62.96% of revenues for governmental activities for the Readington Township School District for Fiscal Year 2021.

The dependence upon tax revenues is apparent. The community, as a whole, is the primary support for the Readington Township School District. Instruction comprises 59.76% of District expenses. Support services expenses make up 39.12% of the expenses, and interest expense comprises 0.75% of the expenses.

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

Table 3 provides a summary of the School District's cost of governmental and business type services in fiscal year ending June 30, 2021 with comparisons to fiscal year ending June 30, 2020.

Table 3
Cost of Governmental and Business Type Services

	Total Cost of Services		Net Cost of Services	
	06/30/21	06/30/20	06/30/21	06/30/20
Instruction	\$ 29,430,875	\$ 25,840,203	\$ 29,115,142	\$ 25,675,694
Support services				
Tuition	762,399	935,044	405,098	585,044
Student & instructional staff	9,082,443	7,838,400	8,856,085	7,600,383
General & business	1,815,141	1,756,304	1,813,786	1,756,304
School administration	2,753,272	2,350,013	2,751,693	2,350,013
Plant operations	2,981,426	2,879,796	2,981,426	2,819,734
Pupil transportation	1,872,310	1,743,300	1,871,732	1,725,023
Food service	183,850	420,413	(15,089)	25,364
Summer program	-	9,393	-	1,213
Interest on long-term debt	370,342	421,510	370,342	421,510
Total expenses	<u>\$ 49,252,058</u>	<u>\$ 44,194,376</u>	<u>\$ 48,150,215</u>	<u>\$ 42,960,282</u>

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Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student. Pupil and instructional staff costs include the activities involved with assisting staff with content and the process of teaching to students. General administration, school administration and business include expenses associated with administrative and financial supervision of the District. Operation and maintenance of facility activities involve keeping the school grounds, buildings and equipment in an effective working condition. Pupil transportation includes activities involved with the conveyance of students, to and from school as well as to and from school activities, as prescribed by state law. Interest on long-term debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The School District's Funds

School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$41,682,626 and expenditures of \$41,032,155. The net positive change in fund balance for the year of \$650,471 was most significant in the general fund with an increase of \$761,363.

General Fund Budgetary Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. During the course of the fiscal year 2021, the School District amended its general fund budget as needed. The School District uses program based budgeting, and the budgeting systems are designed to tightly control total program budgets and provide flexibility for program management. For the general fund, budgeted revenues were \$32,587,012, which was \$295,610 above original budgeted estimates of \$32,291,402. This difference was due primarily to realized miscellaneous revenues and state aid in excess of original budgets. The general fund revenues and other financing sources of the School District were more than expenditures and other financing uses by \$767,843.

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Capital Assets

At the end of fiscal year 2021, the District had \$41,253,742 invested in land, buildings, furniture, equipment, and vehicles.

Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2021 with comparisons to June 30, 2020.

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

	06/30/21	06/30/20	Variance	
			Dollars	%
Land	\$ 412,362	\$ 412,362	\$ -	0.00%
Construction in Progress	916,469	50,915	865,554	1700.00%
Land Improvements	1,964,042	2,094,216	(130,174)	-6.22%
Buildings & Improvements	35,881,211	36,940,922	(1,059,711)	-2.87%
Machinery & Equipment	1,150,253	867,780	282,473	32.55%
Vehicles	929,405	471,705	457,700	97.03%
Total	<u>\$ 41,253,742</u>	<u>\$ 40,837,900</u>	<u>\$ 415,842</u>	1.02%

Capital additions were less than depreciation expense and asset disposals in the current fiscal year by \$441,944. Additions to capital assets resulted primarily from expenses related to building improvements, furniture, equipment, and school bus acquisitions in fiscal year 2020.

Liabilities and Long-term Debt

At June 30, 2021, the School District had \$22,446,892 in long-term liabilities. At June 30, 2021, the School District's overall legal debt limit was \$95,936,209 and the legal borrowing margin was \$85,156,209.

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Table 5 provides a summary of the District's outstanding long-term liabilities at June 30, 2021 with comparisons to June 30, 2020.

Table 5
Long-Term Liabilities at Year-End

	06/30/21	06/30/20	Variance	
			Dollars	%
General obligation bonds	\$ 10,780,000	\$ 12,345,000	\$ (1,059,711)	-8.58%
Net pension liability	8,264,126	8,649,416	282,473	3.27%
Unamortized bond	811,398	972,396	457,700	47.07%
Compensated absences	433,087	480,080	415,842	86.63%
Total	<u>\$ 20,288,611</u>	<u>\$ 22,446,892</u>	<u>\$ 96,304</u>	0.43%

Economic Factors and Next Year's Budgets and Rates

The District continues its need to rely upon local taxes as its main source of funding. Therefore, especially in consideration of current economic conditions, the Board of Education has proactively sought to control budget expenses to minimize the impact on the local tax levy. Cost savings measures employed in recent years included reductions in staffing levels to reflect declining enrollments, expansion of shared services, employing transportation and sustainability practices in all aspects of school operations. However, as the District understands these measures might not be sustainable long-term without affecting programs and student achievement, the district is projecting no reduction of certificated positions in the 2021-2022. The district has built in a contingency for grade-level teachers due to new housing developments in the township, reallocation of certain positions to better meet student needs, additional professional development and training for mental health and social emotional learning, and expansion of staffing needs and costs relating to special needs students based on individualized education programs. The district formulated its budget to implement action plans developed as a result of a new Strategic Plan developed in January 2020.

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the School Business Administrator/Board Secretary at Readington Township Board of Education, P.O. Box 807, 52 Readington Road, Whitehouse Station, New Jersey 08889.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,888,246	\$ 167,994	\$ 3,056,240
Receivables, net	532,983	24,608	557,591
Inventory	-	15,757	15,757
Restricted assets			
Capital reserve account - cash	4,731,169	-	4,731,169
Maintenance reserve account - cash	745,946	-	745,946
Emergency reserve account - cash	125,000	-	125,000
Scholarships - cash	5,865	-	5,865
Student activities - cash	61,335	-	61,335
Capital assets, net			
Land	412,362	-	412,362
Construction in progress	916,469	-	916,469
Other capital assets, net of depreciation	39,883,256	41,655	39,924,911
Total assets	50,302,631	250,014	50,552,645
Deferred outflows of resources			
Deferred amount on pension activity	2,256,515	-	2,256,515
Liabilities			
Accounts payable	37,629	10,627	48,256
Accrued interest	210,142	-	210,142
Payroll deductions and withholdings payable	157,321	-	157,321
Unearned revenues	14,597	58,376	72,973
Long-term liabilities			
Due within one year	1,798,839	-	1,798,839
Due beyond one year	18,489,772	-	18,489,772
Total liabilities	20,708,300	69,003	20,777,303
Deferred inflows of resources			
Deferred amount on pension liability	3,648,049	-	3,648,049

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position (continued)
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 30,432,087	\$ 41,655	\$ 30,473,742
Restricted for			
Capital reserve fund	4,731,169	-	4,731,169
Maintenance reserve fund	745,946	-	745,946
Emergency reserve fund	125,000	-	125,000
Scholarships	5,865	-	5,865
Student activities	61,335	-	61,335
Debt service fund	134,134	-	134,134
Unrestricted	(8,032,739)	139,356	(7,893,383)
Total net position	<u>\$ 28,202,797</u>	<u>\$ 181,011</u>	<u>\$ 28,383,808</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 9,212,792	\$ 10,676,413	\$ 68,609	\$ 160,394	\$ 11,221	\$ (19,648,981)	\$ -	\$ (19,648,981)
Special education	3,554,447	3,987,132	-	3,748	4,334	(7,533,497)	-	(7,533,497)
Other special instruction	813,732	969,067	-	66,308	962	(1,715,529)	-	(1,715,529)
Other instruction	129,123	88,169	-	-	157	(217,135)	-	(217,135)
Support services								
Tuition	762,399	-	-	357,301	-	(405,098)	-	(405,098)
Students and instruction related services	4,374,581	4,707,862	184,659	36,585	5,114	(8,856,085)	-	(8,856,085)
General and business administration services	1,023,235	791,906	-	-	1,355	(1,813,786)	-	(1,813,786)
School administration services	1,383,389	1,369,883	-	-	1,579	(2,751,693)	-	(2,751,693)
Plant operations and maintenance	2,578,424	403,002	-	-	-	(2,981,426)	-	(2,981,426)
Pupil transportation	1,312,778	559,532	578	-	-	(1,871,732)	-	(1,871,732)
Interest on long-term debt	370,342	-	-	-	-	(370,342)	-	(370,342)
Total governmental activities	<u>25,515,242</u>	<u>23,552,966</u>	<u>253,846</u>	<u>624,336</u>	<u>24,722</u>	<u>(48,165,304)</u>	<u>-</u>	<u>(48,165,304)</u>
Business-type activities								
Food service	183,850	-	1,997	196,942	-	-	15,089	15,089
Total business-type activities	<u>183,850</u>	<u>-</u>	<u>1,997</u>	<u>196,942</u>	<u>-</u>	<u>-</u>	<u>15,089</u>	<u>15,089</u>
Total primary government	<u>\$ 25,699,092</u>	<u>\$ 23,552,966</u>	<u>\$ 255,843</u>	<u>\$ 821,278</u>	<u>\$ 24,722</u>	<u>(48,165,304)</u>	<u>15,089</u>	<u>(48,150,215)</u>
General revenues, special items and transfers								
Property taxes levied for general purposes						30,237,361	-	30,237,361
Property taxes levied for debt service						2,041,923	-	2,041,923
Federal and state aid not restricted						18,929,918	-	18,929,918
Investment earnings						10,686	122	10,808
Miscellaneous income						47,404	942	48,346
Total general revenues and special items						<u>51,267,292</u>	<u>1,064</u>	<u>51,268,356</u>
Change in net position						3,101,988	16,153	3,118,141
Net position - beginning (as restated)						25,100,809	164,858	25,265,667
Net position - ending						<u>\$ 28,202,797</u>	<u>\$ 181,011</u>	<u>\$ 28,383,808</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,754,112	\$ -	\$ -	\$ 134,134	\$ 2,888,246
Due from other funds	16,770	-	-	-	16,770
Receivables from other governments					
State	511,216	-	-	-	511,216
Federal	-	16,167	-	-	16,167
Other accounts receivable	600	5,000	-	-	5,600
Restricted cash and equivalents	5,602,115	67,200	-	-	5,669,315
Total assets	\$ 8,884,813	\$ 88,367	\$ -	\$ 134,134	\$ 9,107,314
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 16,770	\$ -	\$ -	\$ 16,770
Accounts payable	37,629	-	-	-	37,629
Payroll deductions and withholdings payable	157,321	-	-	-	157,321
Unearned revenues	10,200	4,397	-	-	14,597
Total liabilities	205,150	21,167	-	-	226,317

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2021

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 825,000	\$ -	\$ -	\$ -	\$ 825,000
Excess surplus	815,000	-	-	-	815,000
Capital reserve account	4,731,169	-	-	-	4,731,169
Maintenance reserve account	745,946	-	-	-	745,946
Emergency reserve account	125,000	-	-	-	125,000
Scholarships	-	5,865	-	-	5,865
Student activities	-	61,335	-	-	61,335
Committed fund balance					
Year-end encumbrances	423,159	-	-	-	423,159
Assigned fund balance					
Designated for subsequent year's expenditures	84,555	-	-	134,134	218,689
Unassigned fund balance	929,834	-	-	-	929,834
Total fund balances	<u>8,679,663</u>	<u>67,200</u>	<u>-</u>	<u>134,134</u>	<u>8,880,997</u>
Total liabilities and fund balances	<u>\$ 8,884,813</u>	<u>\$ 88,367</u>	<u>\$ -</u>	<u>\$ 134,134</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$69,070,117 and the accumulated depreciation is \$27,858,030.	41,212,087
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(1,391,534)
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.	(20,288,611)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(210,142)</u>
Total net position of governmental activities	<u><u>\$ 28,202,797</u></u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 30,237,361	\$ -	\$ -	\$ 2,041,923	\$ 32,279,284
Tuition fees	44,934	-	-	-	44,934
Transportation fees	460	-	-	-	460
Interest on investments	10,686	-	-	-	10,686
Local contributions	-	29,416	-	-	29,416
Miscellaneous	47,404	-	-	-	47,404
Total local sources	<u>30,340,845</u>	<u>29,416</u>	<u>-</u>	<u>2,041,923</u>	<u>32,412,184</u>
State sources	8,605,716	-	24,722	7,115	8,637,553
Federal sources	14,774	618,115	-	-	632,889
Total revenues	<u>38,961,335</u>	<u>647,531</u>	<u>24,722</u>	<u>2,049,038</u>	<u>41,682,626</u>
Expenditures					
Current					
Instructional					
Regular instruction	9,028,723	160,394	-	-	9,189,117
Special education instruction	3,550,699	3,748	-	-	3,554,447
Other special instruction	747,424	66,308	-	-	813,732
Other instruction	129,123	-	-	-	129,123
Support service and undistributed costs					
Tuition	405,098	357,301	-	-	762,399
Student and instruction related services	4,145,801	67,316	-	-	4,213,117
General and business administrative services	1,023,235	-	-	-	1,023,235
School administrative services	1,383,389	-	-	-	1,383,389
Plant operations and maintenance	2,578,424	-	-	-	2,578,424
Pupil transportation	1,312,660	-	-	-	1,312,660
Unallocated benefits	11,857,238	-	-	-	11,857,238

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (continued)					
Capital outlay	\$ 2,098,425	\$ -	\$ -	\$ -	\$ 2,098,425
Debt service					
Principal	-	-	-	1,565,000	1,565,000
Interest and other charges	67,811	-	-	484,038	551,849
Total expenditures	<u>38,328,050</u>	<u>655,067</u>	<u>-</u>	<u>2,049,038</u>	<u>41,032,155</u>
Excess (deficiency) of revenues over (under) expenditures	633,285	(7,536)	24,722	-	650,471
Other financing sources (uses)					
Transfers in (out)	128,078	-	(128,078)	-	-
Total other financing sources (uses)	<u>128,078</u>	<u>-</u>	<u>(128,078)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	761,363	(7,536)	(103,356)	-	650,471
Fund balances, July 1 (as restated)	<u>7,918,300</u>	<u>74,736</u>	<u>103,356</u>	<u>134,134</u>	<u>8,230,526</u>
Fund balances, June 30	<u>\$ 8,679,663</u>	<u>\$ 67,200</u>	<u>\$ -</u>	<u>\$ 134,134</u>	<u>\$ 8,880,997</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Total net changes in fund balances - governmental fund (from B-2) \$ 650,471

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

Capital outlays are reported in governmental funds as expenditures

However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:

Capital outlays	\$ 2,098,425	
Depreciation expense	<u>(1,674,815)</u>	423,610

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

Bond principal payments	1,565,000
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Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium	160,998
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See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2021

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. \$ 234,407

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item. 20,509

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 46,993

Change in net position of governmental activities \$ 3,101,988

READINGTON TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Net Position
June 30, 2021

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 145,747	\$ 22,247	\$ -	\$ 167,994
Receivables from other governments				
State	1,776	-	-	1,776
Federal	22,832	-	-	22,832
Inventory	15,757	-	-	15,757
Total current assets	<u>186,112</u>	<u>22,247</u>	<u>-</u>	<u>208,359</u>
Noncurrent assets				
Capital assets	191,849	-	-	191,849
Less: accumulated depreciation	150,194	-	-	150,194
Total noncurrent assets	<u>41,655</u>	<u>-</u>	<u>-</u>	<u>41,655</u>
Total assets	<u>227,767</u>	<u>22,247</u>	<u>-</u>	<u>250,014</u>
Liabilities				
Current liabilities				
Accounts payable	10,627	-	-	10,627
Unearned revenues	38,636	19,740	-	58,376
Total liabilities	<u>49,263</u>	<u>19,740</u>	<u>-</u>	<u>69,003</u>
Net position				
Net investment in capital assets	41,655	-	-	41,655
Unrestricted	136,849	2,507	-	139,356
Total net position	<u>\$ 178,504</u>	<u>\$ 2,507</u>	<u>\$ -</u>	<u>\$ 181,011</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2021

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Operating revenues				
Charges for services				
Daily sales - reimbursable programs	\$ 1,997	\$ -	\$ -	\$ 1,997
Total operating revenues	<u>1,997</u>	<u>-</u>	<u>-</u>	<u>1,997</u>
Operating expenses				
Cost of sales - reimbursable programs	67,063	-	-	67,063
Commodity food costs	8,440	-	-	8,440
Covid related costs	19,337	-	-	19,337
Salaries	47,068	-	-	47,068
Employee benefits	4,797	-	-	4,797
Purchased property services	4,027	-	-	4,027
Other purchased services				
Insurance	3,607	-	-	3,607
Management fee	11,888	-	-	11,888
Other	5,429	-	-	5,429
General supplies	4,426	-	-	4,426
Depreciation	7,768	-	-	7,768
Total operating expenses	<u>183,850</u>	<u>-</u>	<u>-</u>	<u>183,850</u>
Operating income (loss)	<u>(181,853)</u>	<u>-</u>	<u>-</u>	<u>(181,853)</u>
Non-operating revenues (expenses)				
State sources				
State school lunch program	6,964	-	-	6,964
Federal sources				
National school breakfast program				
Cash assistance	59,488	-	-	59,488
National school lunch program				
Cash assistance	122,050	-	-	122,050
Non cash assistance (commodities)	8,440	-	-	8,440
Interfund transfer	-	585	(585)	-
Miscellaneous	942	-	-	942
Interest earned on investments	122	-	-	122
Total non-operating revenues (expenses)	<u>198,006</u>	<u>585</u>	<u>(585)</u>	<u>198,006</u>
Change in net position	16,153	585	(585)	16,153
Net position, beginning	<u>162,351</u>	<u>1,922</u>	<u>585</u>	<u>164,858</u>
Net position, ending	<u>\$ 178,504</u>	<u>\$ 2,507</u>	<u>\$ -</u>	<u>\$ 181,011</u>

See accompanying notes to financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

	Food Service Fund	Summer Enrichment Fund	Summer Sports Camps Fund	Total
Cash flows from operating activities				
Receipts from customers (net)	\$ 367	\$ 19,740	\$ -	\$ 20,107
Payments to employees	(30,551)	-	-	(30,551)
Payments for employee benefits	(2,520)	-	-	(2,520)
Payments to Food Service Management Company	(109,849)	-	-	(109,849)
Payments to vendors (net)	(7,798)	-	-	(7,798)
Net cash provided by (used for) operating activities	<u>(150,351)</u>	<u>19,740</u>	<u>-</u>	<u>(130,611)</u>
Cash flows from non-capital financing activities				
State sources	6,578	-	-	6,578
Federal sources	163,320	-	-	163,320
Interfund transfer	-	585	(585)	-
Miscellaneous	942	-	-	942
Net cash provided by (used for) noncapital financing activities	<u>170,840</u>	<u>585</u>	<u>(585)</u>	<u>170,840</u>
Cash flows from investing activities				
Interest earned on investments	122	-	-	122
Net cash provided by (used for) investing activities	<u>122</u>	<u>-</u>	<u>-</u>	<u>122</u>
Net increase (decrease) in cash and cash equivalents	20,611	20,325	(585)	40,351
Cash and cash equivalents, beginning	<u>125,136</u>	<u>1,922</u>	<u>585</u>	<u>127,643</u>
Cash and cash equivalents, ending	<u>\$ 145,747</u>	<u>\$ 22,247</u>	<u>\$ -</u>	<u>\$ 167,994</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (181,853)	\$ -	\$ -	\$ (181,853)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	7,768	-	-	7,768
Federal food donation program	8,440	-	-	8,440
(Increase) decrease in inventory	3,692	-	-	3,692
Increase (decrease) in accounts payable	10,627	-	-	10,627
Increase (decrease) in unearned revenues	975	19,740	-	20,715
Net cash provided by (used for) operating activities	<u>\$ (150,351)</u>	<u>\$ 19,740</u>	<u>\$ -</u>	<u>\$ (130,611)</u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2021 of 1,431 students.

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

During the year ended June 30, 2021, the District implemented the provisions detailed in GASB Statement No. 84, *Fiduciary Activities*. Based on a review of the financial records, the District has no funds that meet the criteria of a fiduciary fund.

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

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

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

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

The District reports the following major governmental funds:

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities. Amounts maintained for private purpose scholarship accounts are utilized for scholarship awards to qualifying students.

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)
C. Measurement focus, basis of accounting, and financial statement presentation (continued)
Proprietary fund types (continued)

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

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

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

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

Equipment	12 Years
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Fiduciary fund types

As stated in Note 1 (B), the district does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No 84, *Fiduciary Activities*.

D. Budgets/budgetary control

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2020-2021 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

J. Capital assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

K. Compensated absences

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

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

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

M. Long-term obligations

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

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

N. Net Position

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net Position (continued)

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

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

O. Fund balances - governmental funds

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

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

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

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2021, the District had no investments.

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

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

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

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

As of June 30, 2021, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	8,779,164
Total bank balances	\$ 9,029,164

Deposits at June 30, 2021 appear in the financial statements as summarized below:

Cash			\$ 8,725,555
Unrestricted cash			
Governmental funds, Balance Sheet	<u>Ref.</u>		\$ 2,888,246
Enterprise funds, Statement of Net Position	B-1		167,994
Restricted cash			
Governmental funds, Balance Sheet	B-4		5,669,315
Total cash			\$ 8,725,555

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 -

Capital assets

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 412,362	\$ -	\$ -	\$ 412,362
Construction in progress	50,915	865,554	-	916,469
Total	<u>463,277</u>	<u>865,554</u>	<u>-</u>	<u>1,328,831</u>
Capital assets, being depreciated				
Land improvements	4,072,570	-	-	4,072,570
Building & improvements	57,222,852	162,645	-	57,385,497
Vehicles	2,456,361	603,791	173,397	2,886,755
Furniture & equipment	2,930,029	466,435	-	3,396,464
Total	<u>66,681,812</u>	<u>1,232,871</u>	<u>173,397</u>	<u>67,741,286</u>
Accumulated depreciation				
Land improvements	1,978,354	130,174	-	2,108,528
Building & improvements	20,281,930	1,222,356	-	21,504,286
Vehicles	1,984,656	146,091	173,397	1,957,350
Furniture & equipment	2,111,672	176,194	-	2,287,866
Total	<u>26,356,612</u>	<u>1,674,815</u>	<u>173,397</u>	<u>27,858,030</u>
Total capital assets, being depreciated, net	<u>40,325,200</u>	<u>(441,944)</u>	<u>-</u>	<u>39,883,256</u>
Governmental activities capital assets, net	<u>\$ 40,788,477</u>	<u>\$ 423,610</u>	<u>\$ -</u>	<u>\$ 41,212,087</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 191,849	\$ -	\$ -	\$ 191,849
Less: accumulated depreciation	<u>142,426</u>	<u>7,768</u>	<u>-</u>	<u>150,194</u>
Business type activities capital assets, net	<u>\$ 49,423</u>	<u>\$ (7,768)</u>	<u>\$ -</u>	<u>\$ 41,655</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

Instruction		
Regular	\$	696,492
Special education		251,924
Other special instruction		56,814
Other instruction		10,264
Support services		
Student & instruction		304,368
General & business administration		81,157
School administration		97,877
Plant maintenance		31,400
Transportation		144,519
Total depreciation expense, governmental activities		\$ 1,674,815

Note 5 - Long-term debt
 Long-term liability activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 12,345,000	\$ -	\$ 1,565,000	\$ 10,780,000	\$ 1,620,000
Unamortized bond premium	972,396	-	160,998	811,398	160,998
PERS net pension liability	8,649,416	-	385,290	8,264,126	-
Compensated absences payable	480,080	-	46,993	433,087	17,841
Total governmental activities long-term liabilities	\$ 22,446,892	\$ -	\$ 2,158,281	\$ 20,288,611	\$ 1,798,839

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2021, including interest payments are listed as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,620,000	\$ 426,787	\$ 2,046,787
2023	1,685,000	367,238	2,052,238
2024	1,755,000	299,763	2,054,763
2025	1,840,000	222,887	2,062,887
2026	1,925,000	141,125	2,066,125
2027	1,955,000	56,125	2,011,125
Total	<u>\$ 10,780,000</u>	<u>\$ 1,513,925</u>	<u>\$ 12,293,925</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2021, with their outstanding balances are comprised of the following individual issues:

\$7,905,000 - 2013 refunding school bonds, interest at 3.00% to 4.00%, due in annual installments beginning January 1, 2014 to January 1, 2027.	\$ 4,035,000
\$8,495,000 - 2016 refunding school bonds, interest at 2.00% to 5.00%, due in annual installments beginning July 15, 2018 to July 15, 2026.	<u>6,745,000</u>
Total general obligation bonds	<u>\$ 10,780,000</u>

The general obligation bonded debt of the District is limited by State Law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2021 is \$95,936,209. General obligation debt at June 30, 2021 is \$10,780,000, resulting in a legal debt margin of \$85,156,209.

Operating leases

At June 30, 2021, the District had operating lease agreements in effect for copy machines and a mail machine. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year Ended June 30,</u>	
2022	\$ 51,778
2023	493
Total minimum lease payments	<u>\$ 52,271</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans

Description of systems

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

A. Public employees' retirement systems (PERS)

Plan description

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service.

The following represents the membership tiers for PERS:

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and non-employer allocations are applied to amounts presented in the schedules of pension amounts by employer and non-employer. The allocation percentages for each group as of June 30, 2020 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2020 measurement date.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2019 through June 30, 2020. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the state. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

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

Contributions (continued)

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

The District's contractually required contribution rate for the year ended June 30, 2021 was 15.06% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2020:

Net pension liability	\$ 8,264,126
Proportionate share	0.0506771993%
Plan fiduciary net position as a percentage of the total pension liability	58.32%

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:

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Collective net pension liability and actuarial information (continued)

Preretirement mortality rates were based on the Pub-10 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2020.

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.

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 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected 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%

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 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 will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

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

The following presents the collective net pension liability of the District as of June 30, 2020 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$	8,264,126
At a 1% lower rate (6.00%)		10,484,960
At a 1% higher rate (8.00%)		6,499,812

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2020 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 150,476	\$ 29,226
Changes of assumptions	268,098	3,460,268
Net difference between projected and actual earnings on pension plan investments	282,474	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,001,084	158,555
District contributions subsequent to the measurement date	554,383	-
Total	\$ 2,256,515	\$ 3,648,049

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2021, the plan measurement date is June 30, 2020) of \$554,383 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2020 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 155,246	\$ (4,770)	\$ 150,476
Changes of assumptions	863,676	(595,578)	268,098
Differences between expected and actual experience	-	282,474	282,474
Deferred inflows of resources			
Differences between expected and actual experience	(38,209)	8,983	(29,226)
Changes of assumptions	(3,002,185)	(458,083)	(3,460,268)
Difference between projected and actual earnings on pension plan investments	(136,534)	136,534	-
Net of deferred outflows	<u>\$ (2,158,006)</u>	<u>\$ (630,440)</u>	<u>\$ (2,788,446)</u>

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

Fiscal Year Ended June 30,

2021	\$ (1,036,997)
2022	(945,426)
2023	(540,287)
2024	(218,483)
2025	(47,253)
Total	<u>\$ (2,788,446)</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Pension expense

For the fiscal year ended June 30, 2021, the District recognized net pension expense of \$319,973, which represents the District's proportionate share of allocable plan pension expense of \$197,465 plus the net amortization of deferred amounts from changes in proportion of \$209,963, less other adjustments to the net pension liability of \$87,455.

The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2020 measurement date are as follows:

Service cost	\$	390,405
Interest on total pension liability		1,272,059
Benefit changes		(8,720)
Member contributions		(277,499)
Administrative expense		6,638
Expected investment return net of investment expense		(748,840)
Pension expense related to specific liabilities of individual employers		(3,476)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		(660,650)
Changes of assumptions		89,686
Difference between projected and actual investment earnings on pension plan investments		137,862
Pension expense	\$	197,465

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

Plan description

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

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

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

Contributions

The State’s pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2020, the State’s pension contribution was less than the actuarial determined amount.

Special funding situation

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

During the State fiscal year ended June 30, 2020, the State of New Jersey contributed \$2,942,945 to the TPAF for normal pension benefits on behalf of the District.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2020 measurement date is as follows:

District proportionate share of net pension liability	\$ 113,418,579
Less: State proportionate share of net pension liability	27,899,158
Net pension liability	\$ 85,519,421

Proportionate share	0.1298724132%
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Plan fiduciary net position as a percentage of the total pension liability	24.60%
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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:

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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, 2015 to June 30, 2018.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

Long-term expected rate of return

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

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
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%

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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2020 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (5.40%)	\$	85,519,421
At a 1% lower rate (4.40%)		100,452,576
At a 1% higher rate (6.40%)		73,119,943

Pension expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2020 measurement date are as follows:

Service cost	\$	2,130,294
Interest on total pension liability		6,065,923
Benefit changes		(21,691)
Member contributions		(1,123,574)
Administrative expense		17,509
Expected investment return net of investment expense		(1,976,692)
Pension expense related to specific liabilities of individual employers		6,155
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		(511,595)
Changes of assumptions		229,568
Difference between projected and actual investment earnings on pension plan investments		502,065
Pension expense	\$	<u>5,317,962</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2021) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended June 30, 2021 was \$8,694.

D. Other pension plan information

During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$1,259,562 to the TPAF for postretirement medical benefits, \$75,043 for non-contributory insurance premiums, \$1,971 for long-term disability insurance, and \$3,944,181 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,085,272 during the fiscal year ended June 30, 2021 for the employer's share of Social Security Contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State of New Jersey provides post-retirement (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In fiscal year 2020, the State paid PRM benefits for 143,053 State and local retirees.

The State funds postretirement medical benefits on a pay-as-you-go basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have decreased from fiscal year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State including Medicare Advantage contracts. The State has appropriated \$1.775 billion in fiscal year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The fiscal year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76 billion liability recorded in fiscal year 2019.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Total OPEB liability

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

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

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2020 measurement date is as follows:

State's proportionate share of the OPEB liability	\$	67,809,962,608
District's proportionate share of the State's OPEB liability		92,884,814
Employer OPEB expense and related revenue		4,984,351
Allocable proportionate percentage		0.1369781230%

Changes in the total OPEB liability

		Total OPEB Liability
Total OPEB liability at June 30, 2019	\$	55,818,313
Service cost		2,447,618
Interest cost		2,012,103
Change of benefit terms		-
Differences between expected and actual experiences		17,207,951
Changes of assumptions		16,966,864
Member contributions		49,013
Gross benefit payments		(1,617,048)
Total OPEB liability at June 30, 2020	\$	92,884,814

There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% as of the June 30, 2019 plan measurement date to 2.21% as of the June 30, 2020 plan measurement date.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

The total non-employer 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:

Inflation rate	2.50%	
	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
Thereafter	1.55% - 4.45%	3.00% - 7.00%

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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 and July 1, 2013 - June 30, 2018 for TPAF and PERS, 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. 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%.

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.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

The following presents the total non-employer OPEB liability as of June 30, 2020 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (2.21%)	\$	92,884,814
At a 1% lower rate (1.21%)		111,977,438
At a 1% higher rate (3.21%)		77,956,221

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

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

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$	92,884,814
At a 1% lower rate (1% decrease)		74,979,754
At a 1% higher rate (1% increase)		114,205,761

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$4,984,351 determined by the state as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

Note 8 - Deferred compensation

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2021 is as follows:

Fund	Receivable Fund	Payable Fund
General fund	\$ 16,770	\$ -
Special revenue fund	-	16,770
Total	\$ 16,770	\$ 16,770

The balance due from the special revenue fund to the general fund represents a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2021 consisted of the following:

Food	\$	10,434
Supplies		5,323
Total	\$	15,757

Note 11 - Contingent liabilities

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

Note 12 - Risk management

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Reserve accounts

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

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long-Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$1,600,000 to their capital reserve account, \$72,932 to their emergency reserve, and \$121,174 to their maintenance reserve account by Board Resolution in June 2021 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 4,307,205	\$ 1,600,000	\$ 3,284	\$ 385,388	\$ 1,564,708	\$ 4,731,169
Emergency	74,299	72,932	51	-	22,282	125,000
Maintenance	806,903	121,174	-	110,475	292,606	745,946
Total	<u>\$ 5,188,407</u>	<u>\$ 1,794,106</u>	<u>\$ 3,335</u>	<u>\$ 498,863</u>	<u>\$ 1,879,596</u>	<u>\$ 5,602,115</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2021 is as follows:

Restricted

Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 825,000
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets.	815,000
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	4,731,169
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	125,000
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	745,946

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	423,159
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Assigned

Designated for subsequent year's expenditures	84,555
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Unassigned

Undesignated - Represents fun balance which has not been restricted or designated.	<u>1,096,655</u>
Total fund balance - Budgetary basis	8,846,484
Last state aid payments not recognized on GAAP basis	<u>(166,821)</u>
Total fund balance - GAAP basis	<u><u>\$ 8,679,663</u></u>

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$815,000.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 16 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2021 of (\$8,032,739) on Schedule A-1, Statement of Net Position. The deficit balance is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the state's net pension liability for PERS to each contributing entity throughout the state.

Note 17 - Solar power purchase agreement (PPA)

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

Note 18 - Restatement of prior year net position

During the fiscal year ended June 30, 2021, the District restated net position for governmental activities as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	Governmental Activities
Net position, June 30, 2020	\$ 25,026,073
Additions	
Reserved fund balance - scholarship fund	6,065
Reserved fund balance - student activity fund	68,671
Net position, June 30, 2020, as restated	\$ 25,100,809

Note 19 - Restatement of prior year fund balance

During the fiscal year ended June 30, 2021, the District restated fund balance for the general fund and special revenue fund as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	Special Revenue Fund
Fund balance June 30, 2020	\$ -
Additions	
Reserved fund balance - scholarship fund	6,065
Reserved fund balance - student activity fund	68,671
Fund balance, June 30, 2020 as restated	\$ 74,736

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 20 - Recent accounting pronouncements not yet effective

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

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

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

Note 21 - Risks and uncertainties

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

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

Note 22 - Subsequent events

The District has evaluated subsequent events through February 23, 2022, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenue					
Local sources					
Local tax levy	\$ 30,237,361	\$ -	\$ 30,237,361	\$ 30,237,361	\$ -
Tuition from individuals	50,000	-	50,000	44,934	(5,066)
Transportation fees from individuals	4,500	-	4,500	460	(4,040)
Rents and royalties	45,000	-	45,000	-	(45,000)
Unrestricted miscellaneous revenues	70,000	-	70,000	54,755	(15,245)
Interest earned on current expense emergency reserve	-	-	-	51	51
Interest earned on capital reserve funds	4,000	-	4,000	3,284	(716)
Total	30,410,861	-	30,410,861	30,340,845	(70,016)
State sources					
Categorical transportation aid	394,345	-	394,345	394,345	-
Extraordinary aid	-	-	-	471,747	471,747
Categorical special education aid	1,380,626	-	1,380,626	1,293,097	(87,529)
Categorical security aid	84,655	-	84,655	69,578	(15,077)
Other state aid	-	-	-	17,400	17,400
TPAF Pension (on-behalf)	-	-	-	4,019,224	4,019,224
TPAF Social Security (reimbursed)	-	-	-	1,085,272	1,085,272
TPAF Postretirement benefits	-	-	-	1,259,562	1,259,562
TPAF Long-term disability insurance	-	-	-	1,971	1,971
Total	1,859,626	-	1,859,626	8,612,196	6,752,570
Federal sources					
Medicaid reimbursement	20,915	-	20,915	14,774	(6,141)
Total	20,915	-	20,915	14,774	(6,141)
Total revenues	\$ 32,291,402	\$ -	\$ 32,291,402	\$ 38,967,815	\$ 6,676,413
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 71,815	\$ 1,905	\$ 73,720	\$ 73,720	\$ -
Kindergarten	608,490	(57,832)	550,658	547,774	2,884
Grades 1-5	4,722,430	(123,780)	4,598,650	4,574,521	24,129
Grades 6-8	3,392,396	(243,970)	3,148,426	3,142,726	5,700
Home instruction					
Salaries of teacher	15,000	(12,021)	2,979	2,979	-
Purchased professional - educational services	10,000	7,000	17,000	13,470	3,530
Other purchased services	650	-	650	-	650
Regular programs - undistributed instruction					
Other salaries for instruction	127,125	(61,453)	65,672	62,859	2,813
Purchased professional - educational services	1,200	(1,200)	-	-	-
Purchased technical services	-	660	660	660	-
Other purchased services	76,670	(22,687)	53,983	38,270	15,713
General supplies	521,917	(28,711)	493,206	483,357	9,849
Textbooks	50,840	36,903	87,743	87,111	632
Other objects	1,588	(38)	1,550	1,276	274
Total	9,600,121	(505,224)	9,094,897	9,028,723	66,174

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 151,678	\$ 826	\$ 152,504	\$ 151,075	\$ 1,429
Other salaries for instruction	72,259	(22,621)	49,638	48,614	1,024
Other purchased services	2,000	(1,333)	667	-	667
General supplies	2,500	2,780	5,280	4,486	794
Total	<u>228,437</u>	<u>(20,348)</u>	<u>208,089</u>	<u>204,175</u>	<u>3,914</u>
Behavioral disabilities					
Salaries of teachers	70,689	2,746	73,435	73,435	-
Other salaries for instruction	26,731	-	26,731	24,659	2,072
Total	<u>97,420</u>	<u>2,746</u>	<u>100,166</u>	<u>98,094</u>	<u>2,072</u>
Resource room/resource center					
Salaries of teachers	2,185,448	(90,387)	2,095,061	2,049,391	45,670
Other salaries for instruction	538,177	80,921	619,098	566,677	52,421
General supplies	20,525	3,622	24,147	22,190	1,957
Textbooks	250	-	250	-	250
Total	<u>2,744,400</u>	<u>(5,844)</u>	<u>2,738,556</u>	<u>2,638,258</u>	<u>100,298</u>
Autism					
Salaries of teachers	199,227	-	199,227	197,570	1,657
Other salaries for instruction	115,869	-	115,869	113,748	2,121
General supplies	2,000	4,295	6,295	6,224	71
Total	<u>317,096</u>	<u>4,295</u>	<u>321,391</u>	<u>317,542</u>	<u>3,849</u>
Preschool disabilities - part-time					
Salaries of teachers	31,071	-	31,071	29,263	1,808
Other salaries for instruction	179,014	-	179,014	168,448	10,566
Total	<u>210,085</u>	<u>-</u>	<u>210,085</u>	<u>197,711</u>	<u>12,374</u>
Preschool disabilities - full-time					
Salaries of teachers	88,314	-	88,314	86,970	1,344
General supplies	2,850	5,325	8,175	7,949	226
Total	<u>91,164</u>	<u>5,325</u>	<u>96,489</u>	<u>94,919</u>	<u>1,570</u>
Total special education	<u>3,688,602</u>	<u>(13,826)</u>	<u>3,674,776</u>	<u>3,550,699</u>	<u>124,077</u>
Basic skills/remedial					
Salaries of teachers	670,055	40,983	711,038	663,598	47,440
General supplies	2,070	(259)	1,811	1,516	295
Total	<u>672,125</u>	<u>40,724</u>	<u>712,849</u>	<u>665,114</u>	<u>47,735</u>

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Bilingual education - instruction					
Salaries of teachers	\$ 81,341	\$ 259	\$ 81,600	\$ 81,600	\$ -
Other purchased services	1,650	-	1,650	510	1,140
General supplies	450	-	450	200	250
Total	<u>83,441</u>	<u>259</u>	<u>83,700</u>	<u>82,310</u>	<u>1,390</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	120,470	-	120,470	51,664	68,806
Purchased services	500	-	500	-	500
Supplies and materials	5,550	(2,819)	2,731	881	1,850
Other objects	850	(53)	797	694	103
Total	<u>127,370</u>	<u>(2,872)</u>	<u>124,498</u>	<u>53,239</u>	<u>71,259</u>
School-sponsored athletics - instruction					
Salaries	150,730	-	150,730	64,896	85,834
Purchased services	15,620	-	15,620	2,237	13,383
Supplies and materials	14,665	-	14,665	8,156	6,509
Other objects	1,999	-	1,999	595	1,404
Total	<u>183,014</u>	<u>-</u>	<u>183,014</u>	<u>75,884</u>	<u>107,130</u>
Total instruction regular	<u>\$ 14,354,673</u>	<u>\$ (480,939)</u>	<u>\$ 13,873,734</u>	<u>\$ 13,455,969</u>	<u>\$ 417,765</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ -	\$ 55,000	\$ 55,000	\$ 46,862	\$ 8,138
Tuition to priv. school for the disabled w/i state	766,700	(126,376)	640,324	358,236	282,088
Total	<u>766,700</u>	<u>(71,376)</u>	<u>695,324</u>	<u>405,098</u>	<u>290,226</u>
Undistributed expenditures - health services					
Salaries	333,581	7,244	340,825	326,950	13,875
Purchased professional and technical services	83,170	2,500	85,670	30,253	55,417
Other purchased services	1,500	-	1,500	587	913
Supplies and materials	16,471	4,772	21,243	20,009	1,234
Other objects	400	-	400	-	400
Total	<u>435,122</u>	<u>14,516</u>	<u>449,638</u>	<u>377,799</u>	<u>71,839</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	594,488	(27,789)	566,699	546,882	19,817
Purchased professional - educational services	124,585	30,325	154,910	139,765	15,145
Supplies and materials	2,400	2,825	5,225	4,515	710
Other objects	1,490	4,665	6,155	3,700	2,455
Total	<u>722,963</u>	<u>10,026</u>	<u>732,989</u>	<u>694,862</u>	<u>38,127</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	409,130	(97,057)	312,073	274,337	37,736
Purchased professional - educational services	3,500	(400)	3,100	-	3,100
Supplies and materials	5,300	-	5,300	-	5,300
Total	<u>417,930</u>	<u>(97,457)</u>	<u>320,473</u>	<u>274,337</u>	<u>46,136</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - guidance					
Salaries of other professional staff	\$ 544,111	\$ (58,000)	\$ 486,111	\$ 480,441	\$ 5,670
Other salaries	1,000	-	1,000	-	1,000
Other purchased services	2,910	-	2,910	487	2,423
Supplies and materials	15,990	(9,015)	6,975	3,449	3,526
Total	<u>564,011</u>	<u>(67,015)</u>	<u>496,996</u>	<u>484,377</u>	<u>12,619</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	756,906	(21,774)	735,132	714,022	21,110
Salaries of secretarial and clerical assistants	154,633	607	155,240	155,240	-
Other salaries	3,000	-	3,000	-	3,000
Other purchased professional & technical services	98,460	(17,865)	80,595	45,299	35,296
Other purchased services	41,581	(2,872)	38,709	34,187	4,522
Supplies and materials	14,565	(1,800)	12,765	12,741	24
Total	<u>1,069,145</u>	<u>(43,704)</u>	<u>1,025,441</u>	<u>961,489</u>	<u>63,952</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	436,391	-	436,391	434,684	1,707
Salaries of other professional staff	20,250	12,990	33,240	13,530	19,710
Salaries of secretarial & clerical assist	26,585	-	26,585	26,446	139
Other purchased services	14,250	(3,570)	10,680	2,778	7,902
Supplies and materials	4,310	(421)	3,889	3,381	508
Other objects	7,290	-	7,290	7,067	223
Total	<u>509,076</u>	<u>8,999</u>	<u>518,075</u>	<u>487,886</u>	<u>30,189</u>
Undistributed expenditures - edu. media service/sch. library					
Salaries	500,871	7,092	507,963	427,303	80,660
Salaries of technology coordinators	55,278	-	55,278	54,986	292
Purchased professional and technical services	7,000	(755)	6,245	3,000	3,245
Other purchased services	167,129	18,097	185,226	143,930	41,296
Supplies and materials	16,441	2,087	18,528	15,704	2,824
Other objects	65	-	65	65	-
Total	<u>746,784</u>	<u>26,521</u>	<u>773,305</u>	<u>644,988</u>	<u>128,317</u>
Undistributed expenditures - instructional staff training services					
Salaries of other professional staff	199,434	3,020	202,454	186,374	16,080
Salaries of secretarial & clerical assist.	26,585	-	26,585	26,445	140
Purchased professional - educational services	17,500	(16,458)	1,042	1,042	-
Other purchased services	26,960	(2,085)	24,875	6,128	18,747
Supplies and materials	5,300	-	5,300	74	5,226
Total	<u>275,779</u>	<u>(15,523)</u>	<u>260,256</u>	<u>220,063</u>	<u>40,193</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expend. - support service - general admin.					
Salaries	\$ 261,600	\$ -	\$ 261,600	\$ 246,658	\$ 14,942
Legal services	100,000	(2,250)	97,750	67,765	29,985
Audit fees	76,500	-	76,500	41,500	35,000
Architectural/engineering services	3,000	2,250	5,250	5,250	-
Other purchased professional services	24,500	(75)	24,425	24,040	385
Communications/telephone	113,206	-	113,206	92,046	21,160
BOE other purchased services	6,100	(1,150)	4,950	900	4,050
Miscellaneous purchased services	82,200	(6,797)	75,403	62,727	12,676
General supplies	3,335	1,904	5,239	5,239	-
BOE in-house training/meeting supplies	1,050	-	1,050	146	904
Miscellaneous expenditures	3,500	-	3,500	2,983	517
BOE membership dues and fees	19,050	-	19,050	17,483	1,567
Total	694,041	(6,118)	687,923	566,737	121,186
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	843,184	-	843,184	819,359	23,825
Salaries of secretarial and clerical assistants	437,689	-	437,689	416,069	21,620
Other purchased services	49,975	(21,524)	28,451	24,424	4,027
Supplies and materials	23,938	6,933	30,871	29,038	1,833
Other objects	7,145	400	7,545	6,191	1,354
Total	1,361,931	(14,191)	1,347,740	1,295,081	52,659
Undistributed expenditures - central services					
Salaries	424,913	1,379	426,292	424,901	1,391
Purchased professional services	925	75	1,000	1,000	-
Purchased technical services	23,350	-	23,350	21,627	1,723
Miscellaneous purchased services	5,900	(297)	5,603	2,523	3,080
Supplies and materials	4,555	-	4,555	4,534	21
Other objects	2,750	-	2,750	1,913	837
Total	462,393	1,157	463,550	456,498	7,052
Undistributed expenditures - admin. info. technology					
Salaries	88,711	-	88,711	88,308	403
Other purchased services	3,500	-	3,500	-	3,500
Other objects	1,200	-	1,200	-	1,200
Total	93,411	-	93,411	88,308	5,103
Undistributed expend. - required maint. for school facilities					
Salaries	338,078	-	338,078	292,673	45,405
Cleaning, repair, and maintenance services	323,753	(120,096)	203,657	186,104	17,553
Lead testing in water	-	500	500	-	500
General supplies	67,970	90,000	157,970	141,850	16,120
Total	729,801	(29,596)	700,205	620,627	79,578

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 267,295	\$ 153	\$ 267,448	\$ 248,955	\$ 18,493
Unused vacation payment to terminated/retired staff	-	6,341	6,341	6,341	-
Purchased professional and technical services	46,650	-	46,650	39,854	6,796
Cleaning, repair, and maintenance service	805,639	-	805,639	801,518	4,121
Other purchased property services	30,000	-	30,000	26,907	3,093
Insurance	71,000	-	71,000	69,894	1,106
Miscellaneous purchased services	9,000	1,021	10,021	8,764	1,257
General supplies	138,006	30,987	168,993	168,967	26
Energy (natural gas)	170,000	(10,000)	160,000	136,793	23,207
Energy (electricity)	397,500	-	397,500	307,368	90,132
Other objects	3,000	-	3,000	1,231	1,769
Total	1,938,090	28,502	1,966,592	1,816,592	150,000
Undistributed expenditures - care and upkeep of grounds					
Salaries	55,996	-	55,996	32,917	23,079
Cleaning, repair, and maintenance service	40,000	(4,500)	35,500	29,191	6,309
General supplies	22,500	14,020	36,520	24,506	12,014
Total	118,496	9,520	128,016	86,614	41,402
Undistributed expenditures - security					
Purchased professional and technical services	62,000	-	62,000	52,063	9,937
Cleaning, repair, and maintenance service	6,000	(6,000)	-	-	-
General supplies	2,000	975	2,975	2,528	447
Total	70,000	(5,025)	64,975	54,591	10,384
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	5,000	-	5,000	-	5,000
Salaries for pupil trans. (between home & school) - reg.	512,153	42,560	554,713	543,679	11,034
Salaries for pupil trans. (between home & school) - sp. ed.	202,125	(10,000)	192,125	105,644	86,481
Salaries for pupil trans. (other than between home & school)	62,776	(47,505)	15,271	15,271	-
Management fee - esc & ctsa trans. program	12,600	-	12,600	9,317	3,283
Other purchased professional and technical service	151,300	-	151,300	141,485	9,815
Cleaning, repair, & maint. services	32,670	(17,000)	15,670	8,967	6,703
Contract service (between home & school) - vendors	164,070	(46,197)	117,873	92,629	25,244
Contract service (between home & school) - joint agreements	75,000	-	75,000	51,006	23,994
Contract service (sp ed stds) - vendors	-	15,000	15,000	15,000	-
Contract service (sp. ed. stds) - escs & ctsas	226,076	(20,000)	206,076	174,170	31,906
Miscellaneous purchased services - transportation	52,095	-	52,095	46,466	5,629
General supplies	2,500	-	2,500	644	1,856
Transportation supplies	189,864	42,000	231,864	106,327	125,537
Other objects	3,590	-	3,590	2,055	1,535
Total	1,691,819	(41,142)	1,650,677	1,312,660	338,017

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Unallocated benefits - employee benefits					
Social security contributions	\$ 455,000	\$ -	\$ 455,000	\$ 365,724	\$ 89,276
Other retirement contributions - PERS	494,000	60,434	554,434	554,430	4
Other retirement contributions - regular	13,000	-	13,000	8,694	4,306
Unemployment compensation	82,000	-	82,000	66,041	15,959
Workmen's compensation	265,000	-	265,000	252,059	12,941
Health benefits	4,525,040	(6,058)	4,518,982	4,032,087	486,895
Tuition reimbursement	141,596	60	141,656	62,253	79,403
Other employee benefits	249,000	(50,000)	199,000	132,176	66,824
Unused sick payment to terminated/retired staff	-	50,000	50,000	17,745	32,255
Total	<u>6,224,636</u>	<u>54,436</u>	<u>6,279,072</u>	<u>5,491,209</u>	<u>787,863</u>
On-behalf TPAF Pension contribution	-	-	-	4,019,224	(4,019,224)
On-behalf TPAF Postretirement medical benefits	-	-	-	1,259,562	(1,259,562)
On-behalf TPAF Long-term disability insurance	-	-	-	1,971	(1,971)
Reimbursed TPAF Social Security contribution	-	-	-	1,085,272	(1,085,272)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,366,029</u>	<u>(6,366,029)</u>
Total undistributed expenditures	<u>\$ 18,892,128</u>	<u>\$ (237,470)</u>	<u>\$ 18,654,658</u>	<u>\$ 22,705,845</u>	<u>\$ (4,051,187)</u>
Total current	<u>\$ 33,246,801</u>	<u>\$ (718,409)</u>	<u>\$ 32,528,392</u>	<u>\$ 36,161,814</u>	<u>\$ (3,633,422)</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ 2,976	\$ 15,590	\$ 18,566	\$ 4,994	\$ 13,572
Undistributed expend. - support service - related & extra.	-	7,980	7,980	7,980	-
Undistributed expenditures - required maint. for school facilities	-	76,985	76,985	61,990	14,995
Undistributed expenditures - custodial services	-	76,935	76,935	37,659	39,276
Undistributed expenditures - care and upkeep of grounds	-	219,452	219,452	92,741	126,711
Undistributed expenditures student transportation	17,002	70,921	87,923	49,893	38,030
School buses - regular	398,205	312,536	710,741	603,791	106,950
Total equipment	<u>418,183</u>	<u>780,399</u>	<u>1,198,582</u>	<u>859,048</u>	<u>339,534</u>
Facilities acquisition and construction service					
Architectural/engineering services	27,083	145,000	172,083	140,616	31,467
Construction services	1,380,000	-	1,380,000	1,098,761	281,239
Assessment for debt service on SDA funding	67,811	-	67,811	67,811	-
Total facilities acquisition and construction service	<u>1,474,894</u>	<u>145,000</u>	<u>1,619,894</u>	<u>1,307,188</u>	<u>312,706</u>
Total capital outlay	<u>\$ 1,893,077</u>	<u>\$ 925,399</u>	<u>\$ 2,818,476</u>	<u>\$ 2,166,236</u>	<u>\$ 652,240</u>
Total expenditures	<u>\$ 35,139,878</u>	<u>\$ 206,990</u>	<u>\$ 35,346,868</u>	<u>\$ 38,328,050</u>	<u>\$ (2,981,182)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,848,476)</u>	<u>\$ (206,990)</u>	<u>\$ (3,055,466)</u>	<u>\$ 639,765</u>	<u>\$ 3,695,231</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Other financing sources (uses)					
Operating transfer in					
Transfers from capital projects fund	\$ -	\$ -	\$ -	\$ 128,078	\$ 128,078
Total other financing sources (uses)	-	-	-	128,078	128,078
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(2,848,476)	(206,990)	(3,055,466)	767,843	3,823,309
Fund balances, July 1	8,078,641	-	8,078,641	8,078,641	-
Fund balances, June 30	<u>\$ 5,230,165</u>	<u>\$ (206,990)</u>	<u>\$ 5,023,175</u>	<u>\$ 8,846,484</u>	<u>\$ 3,823,309</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (320,712)	\$ -	\$ (320,712)	\$ (320,712)	\$ -
Increase in capital reserve	-	1,600,000	1,600,000	1,600,000	-
Interest deposit to capital reserve	4,000	-	4,000	3,284	(716)
Withdrawal from capital reserve	(1,357,718)	(206,990)	(1,564,708)	(1,179,320)	385,388
Increase in emergency reserve	-	72,932	72,932	72,932	-
Interest earned on emergency reserve	-	-	-	51	51
Withdrawal from emergency reserve	(22,282)	-	(22,282)	(22,282)	-
Increase in maintenance reserve	-	121,174	121,174	121,174	-
Withdrawal from maintenance reserve	(190,000)	(102,606)	(292,606)	(182,131)	110,475
Budgeted fund balance	(961,764)	(1,691,500)	(2,653,264)	674,847	3,328,111
Total	<u>\$ (2,848,476)</u>	<u>\$ (206,990)</u>	<u>\$ (3,055,466)</u>	<u>\$ 767,843</u>	<u>\$ 3,823,309</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 825,000	
Excess surplus - current year				815,000	
Capital reserve				4,731,169	
Emergency reserve				125,000	
Maintenance reserve				745,946	
Committed fund balance					
Year-end encumbrances				423,159	
Assigned fund balance					
Designated for subsequent year's expenditures				84,555	
Unassigned fund balance				<u>1,096,655</u>	
Fund balance per budgetary basis				8,846,484	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(166,821)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 8,679,663</u>	

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources	\$ 10,818	\$ 23,195	\$ 34,013	\$ 30,170	\$ (3,843)
Federal sources	871,064	-	871,064	618,115	(252,949)
Total revenues	<u>\$ 881,882</u>	<u>\$ 23,195</u>	<u>\$ 905,077</u>	<u>\$ 648,285</u>	<u>\$ (256,792)</u>
Expenditures					
Instruction					
Salaries	\$ 77,164	\$ -	\$ 77,164	\$ -	\$ 77,164
Other purchased services	20,399	-	20,399	11,939	8,460
General supplies	251,692	-	251,692	216,119	35,573
Other objects	3,146	-	3,146	3,146	-
Total	<u>352,401</u>	<u>-</u>	<u>352,401</u>	<u>231,204</u>	<u>121,197</u>
Support services					
Tuition	357,301	-	357,301	357,301	-
Employee benefits	5,903	-	5,903	-	5,903
Purchased professional and technical services	154,860	-	154,860	29,638	125,222
Other purchased services	4,500	-	4,500	2,440	2,060
Supplies	6,917	-	6,917	4,507	2,410
Scholarships awarded	-	200	200	200	-
Student activities	-	30,531	30,531	30,531	-
Total	<u>529,481</u>	<u>30,731</u>	<u>560,212</u>	<u>424,617</u>	<u>135,595</u>
Total expenditures	<u>\$ 881,882</u>	<u>\$ 30,731</u>	<u>\$ 912,613</u>	<u>\$ 655,821</u>	<u>\$ 256,792</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (7,536)	\$ (7,536)	\$ (7,536)	\$ -
Fund balances, July 1 (as restated)	74,736	-	74,736	74,736	-
Fund balances, June 30	<u>\$ 74,736</u>	<u>\$ (7,536)</u>	<u>\$ 67,200</u>	<u>\$ 67,200</u>	<u>\$ -</u>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 61,335	
Scholarships				5,865	
Fund balance per budgetary basis				<u>\$ 67,200</u>	

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2021

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 38,967,815	\$ 648,285
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - current year	-	(754)
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expenses (GASB 33):		
State aid receivable prior year	160,341	-
State aid receivable current year	(166,821)	-
Total revenues (GAAP basis)	<u>\$ 38,961,335</u>	<u>\$ 647,531</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 38,328,050	\$ 655,821
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - current year	-	(754)
Total expenditures (GAAP basis)	<u>\$ 38,328,050</u>	<u>\$ 655,067</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.0506771993%	0.0480030215%	0.0443078500%	0.0449689181%	0.0456683389%	0.0480161369%	0.0457782148%	0.044519322%	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 8,264,126	\$ 8,649,416	\$ 8,723,996	\$ 10,468,045	\$ 13,525,652	\$ 10,778,661	\$ 8,570,934	\$ 8,508,527	N/A
District's covered employee payroll	3,680,952	3,685,998	3,599,229	3,242,311	3,055,998	3,113,569	3,084,486	3,191,173	3,026,223	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	224.20%	240.31%	269.07%	342.54%	434.41%	349.45%	268.58%	281.16%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A

N/A - Information is not available

See independent auditors' report.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 554,383	\$ 466,928	\$ 440,720	\$ 416,589	\$ 405,711	\$ 412,810	\$ 377,389	\$ 335,444	\$ 343,867	\$ 459,728
Contributions in relation to the contractually required contributor	(554,383)	(466,928)	(440,720)	(416,589)	(405,711)	(412,810)	(377,389)	(335,444)	(343,867)	(459,728)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 3,680,952	\$ 3,685,998	\$ 3,599,229	\$ 3,242,311	\$ 3,055,998	\$ 3,113,569	\$ 3,084,486	\$ 3,191,173	\$ 3,026,223	\$ 2,901,557
Contributions as a percentage of covered employee payroll	15.06%	12.67%	12.24%	12.85%	13.28%	13.26%	12.24%	10.51%	11.36%	15.84%

See independent auditors' report.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	85,519,421	81,042,180	85,284,537	90,187,865	109,635,356	89,215,568	73,924,434	73,638,734	N/A
Total	<u>\$ -</u>	<u>\$ 85,519,421</u>	<u>\$ 81,042,180</u>	<u>\$ 85,284,537</u>	<u>\$ 90,187,865</u>	<u>\$ 109,635,356</u>	<u>\$ 89,215,568</u>	<u>\$ 73,924,434</u>	<u>\$ 73,638,734</u>	<u>\$ -</u>
District's covered employee payroll	\$ 14,952,483	\$ 14,781,847	\$ 15,179,915	\$ 13,327,916	\$ 13,980,596	\$ 13,800,976	\$ 13,835,859	\$ 13,993,415	\$ 13,904,799	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
Plan fiduciary net position as a percentage of the total pension liability	NA	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	N/A

N/A - Information is not available

See independent auditors' report.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 2,942,945	\$ 2,655,114	\$ 2,651,528	\$ 2,022,103	\$ 1,504,571	\$ 1,115,830	\$ 763,132	\$ 585,126	\$ 941,487	\$ 451,476
Contributions in relation to the contractually required contributor	(2,942,945)	(2,655,114)	(2,651,528)	(2,022,103)	(1,504,571)	(1,115,830)	(763,132)	(585,126)	(941,487)	(451,476)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 14,952,483	\$ 14,781,847	\$ 15,179,915	\$ 13,327,916	\$ 13,980,596	\$ 13,800,976	\$ 13,835,859	\$ 13,993,415	\$ 13,904,799	\$ 13,563,963
Contributions as a percentage of covered employee payroll	19.68%	17.96%	17.47%	15.17%	10.76%	8.09%	5.52%	4.18%	6.77%	3.33%

See independent auditors' report.

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	92,884,814	55,818,313	59,173,393	70,176,341	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 92,884,814	\$ 55,818,313	\$ 59,173,393	\$ 70,176,341	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 18,467,845	\$ 18,779,144	\$ 16,570,227	\$ 17,036,594	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A

N/A - Information is not available

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2021

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 5.60% in State fiscal year 2019 and 5.40% in State fiscal year 2020. The inflation rate was 2.75% in State fiscal year 2019 and 2.75% in State fiscal year 2020.
- Note 3 - Changes in assumptions - PERS
The discount rate was 6.28% in State fiscal year 2019 and 7.00% in State fiscal year 2020. The inflation rate was 2.75% for State fiscal year 2019 and 2.75% for State fiscal year 2020.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 3.50% in State fiscal year 2019 to 2.21% in State fiscal year 2020. The inflation rate was 2.50% for State fiscal year 2019 and 2020.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
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 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%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.

SPECIAL REVENUE FUND

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	Total Brought Forward	Digital Divide	Coronavirus Aid Relief	CRRSA Mental Health	Local Grants	Scholarships	Student Activity Fund	Total
Revenues								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 6,975	\$ -	\$ 23,195	\$ 30,170
Federal sources	510,626	49,695	52,266	5,528	-	-	-	618,115
Total revenues	<u>\$ 510,626</u>	<u>\$ 49,695</u>	<u>\$ 52,266</u>	<u>\$ 5,528</u>	<u>\$ 6,975</u>	<u>\$ -</u>	<u>\$ 23,195</u>	<u>\$ 648,285</u>
Expenditures								
Instruction								
Other purchased services	\$ 11,939	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,939
General supplies	107,362	49,695	52,266	-	6,796	-	-	216,119
Other objects	3,146	-	-	-	-	-	-	3,146
Total	<u>122,447</u>	<u>49,695</u>	<u>52,266</u>	<u>-</u>	<u>6,796</u>	<u>-</u>	<u>-</u>	<u>231,204</u>
Support services								
Tuition	357,301	-	-	-	-	-	-	357,301
Purchased professional and technical services	24,110	-	-	5,528	-	-	-	29,638
Other purchased services	2,440	-	-	-	-	-	-	2,440
Supplies	4,328	-	-	-	179	-	-	4,507
Scholarships awarded	-	-	-	-	-	200	-	200
Student activities	-	-	-	-	-	-	30,531	30,531
Total	<u>388,179</u>	<u>-</u>	<u>-</u>	<u>5,528</u>	<u>179</u>	<u>200</u>	<u>30,531</u>	<u>424,617</u>
Total expenditures	<u>\$ 510,626</u>	<u>\$ 49,695</u>	<u>\$ 52,266</u>	<u>\$ 5,528</u>	<u>\$ 6,975</u>	<u>\$ 200</u>	<u>\$ 30,531</u>	<u>\$ 655,821</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (200)	\$ (7,336)	\$ (7,536)
Fund balances, July 1 (as restated)	-	-	-	-	-	6,065	68,671	74,736
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,865</u>	<u>\$ 61,335</u>	<u>\$ 67,200</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2021

	ESSA Title IA	ESSA Title IIA	ESSA Title III	ESSA Title IV	IDEA Basic	IDEA Preschool	CARES Emergency Relief	Total Carried Forward
Revenues								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	52,174	17,327	14,134	10,000	360,941	13,659	42,391	510,626
Total revenues	<u>\$ 52,174</u>	<u>\$ 17,327</u>	<u>\$ 14,134</u>	<u>\$ 10,000</u>	<u>\$ 360,941</u>	<u>\$ 13,659</u>	<u>\$ 42,391</u>	<u>\$ 510,626</u>
Expenditures								
Instruction								
Other purchased services	\$ 11,939	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,939
General supplies	40,235	-	14,134	10,000	1,200	2,548	39,245	107,362
Other objects	-	-	-	-	-	-	3,146	3,146
Total	<u>52,174</u>	<u>-</u>	<u>14,134</u>	<u>10,000</u>	<u>1,200</u>	<u>2,548</u>	<u>42,391</u>	<u>122,447</u>
Support services								
Tuition	-	-	-	-	357,301	-	-	357,301
Purchased professional and technical services	-	12,999	-	-	-	11,111	-	24,110
Other purchased services	-	-	-	-	2,440	-	-	2,440
Supplies	-	4,328	-	-	-	-	-	4,328
Total	<u>-</u>	<u>17,327</u>	<u>-</u>	<u>-</u>	<u>359,741</u>	<u>11,111</u>	<u>-</u>	<u>388,179</u>
Total expenditures	<u>\$ 52,174</u>	<u>\$ 17,327</u>	<u>\$ 14,134</u>	<u>\$ 10,000</u>	<u>\$ 360,941</u>	<u>\$ 13,659</u>	<u>\$ 42,391</u>	<u>\$ 510,626</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances, July 1 (as restated)	-	-	-	-	-	-	-	-
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2021

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/21
			Prior Years	Current Year	
Security surveillance upgrades at all four schools	06/03/14	\$ 256,250	\$ 256,250	\$ -	\$ -
		<u>\$ 256,250</u>	<u>\$ 256,250</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, For the Fiscal Year Ended June 30, 2021

Revenues and other financing sources	
State sources - SDA aid	\$ (20,334)
Expenditures and other financing uses	
Transfer to capital reserve fund	<u>128,078</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(148,412)
Fund balance - beginning	<u>148,412</u>
Fund balance - ending	<u><u>\$ -</u></u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status -
Budgetary Basis
Security Surveillance Upgrades
at All Four Schools
For the Fiscal Year Ended June 30, 2021

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - transfer from capital reserve fund	\$ 280,662	\$ -	\$ 280,662	\$ 152,584
State sources - SDA grant	124,000	(20,334)	103,666	103,666
Total revenues	<u>404,662</u>	<u>(20,334)</u>	<u>384,328</u>	<u>256,250</u>
Expenditures and other financing uses				
Purchased professional and technical services	25,194	-	25,194	25,194
Construction services	231,056	-	231,056	231,056
Transfer to capital reserve fund	-	128,078	128,078	-
Total expenditures	<u>256,250</u>	<u>128,078</u>	<u>384,328</u>	<u>256,250</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 148,412</u>	<u>\$ (148,412)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	4350-030-14-1005
Project number	4350-050-14-1006
Project number	4350-060-14-1007
Project number	4350-070-14-1008
Grant date	06/03/14
Bonds authorization date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 310,000
Decrease in authorized cost	(53,750)
Revised authorized cost	256,250
Percentage completion	100%

See independent auditors' report.

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

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

(NOT APPLICABLE TO THIS REPORT)

LONG-TERM DEBT SCHEDULES

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/20	Issued	Retired	Balance 06/30/21
			Date	Amount					
Refunding school bonds of 2013	10/09/13	\$ 7,905,000	01/01/22	\$ 625,000	3.00%	\$ 4,640,000	\$ -	\$ 605,000	\$ 4,035,000
			01/01/23	640,000	3.00%	-	-	-	-
			01/01/24	660,000	3.00%	-	-	-	-
			01/01/25	685,000	3.13%	-	-	-	-
			01/01/26	700,000	3.25%	-	-	-	-
			01/01/27	725,000	3.38%	-	-	-	-
Refunding school bonds of 2017	05/23/17	8,495,000	07/15/21	995,000	4.00%	7,705,000	-	960,000	6,745,000
			07/15/22	1,045,000	4.00%	-	-	-	-
			07/15/23	1,095,000	5.00%	-	-	-	-
			07/15/24	1,155,000	5.00%	-	-	-	-
			07/15/25	1,225,000	5.00%	-	-	-	-
			07/15/26	1,230,000	5.00%	-	-	-	-
						<u>\$ 12,345,000</u>	<u>\$ -</u>	<u>\$ 1,565,000</u>	<u>\$ 10,780,000</u>

See independent auditor's report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources - debt service tax levy	\$ 2,041,923	\$ -	\$ 2,041,923	\$ 2,041,923	\$ -
State sources - debt service aid	7,115	-	7,115	7,115	-
Total revenues	<u>2,049,038</u>	<u>-</u>	<u>2,049,038</u>	<u>2,049,038</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of bond principal	1,565,000	-	1,565,000	1,565,000	-
Interest on bonds	484,038	-	484,038	484,038	-
Total expenditures	<u>2,049,038</u>	<u>-</u>	<u>2,049,038</u>	<u>2,049,038</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>134,134</u>	<u>-</u>	<u>134,134</u>	<u>134,134</u>	<u>-</u>
Fund balance, June 30	<u>\$ 134,134</u>	<u>\$ -</u>	<u>\$ 134,134</u>	<u>\$ 134,134</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

READINGTON TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Government activities										
Net investment in capital assets	\$ 18,823,939	\$ 18,900,825	\$ 19,567,989	\$ 21,148,418	\$ 21,870,825	\$ 23,434,089	\$ 26,063,244	\$ 27,329,544	\$ 28,443,477	\$ 30,432,087
Restricted	4,509,014	5,271,205	4,940,642	4,899,507	5,308,140	6,039,014	4,774,287	4,565,452	5,500,633	5,803,449
Unrestricted	1,123,822	784,125	(7,028,548)	(7,173,776)	(7,320,859)	(9,287,158)	(9,507,682)	(9,023,572)	(8,843,301)	(8,032,739)
Total governmental activities	<u>\$ 24,456,775</u>	<u>\$ 24,956,155</u>	<u>\$ 17,480,083</u>	<u>\$ 18,874,149</u>	<u>\$ 19,858,106</u>	<u>\$ 20,185,945</u>	<u>\$ 21,329,849</u>	<u>\$ 22,871,424</u>	<u>\$ 25,100,809</u>	<u>\$ 28,202,797</u>
									*	
Business-type activities										
Net investment in capital assets	\$ 43,297	\$ 45,550	\$ 39,990	\$ 34,979	\$ 29,968	\$ 29,229	\$ 24,325	\$ 57,736	\$ 49,423	\$ 41,655
Unrestricted	253,785	200,899	117,147	85,779	130,949	172,229	171,111	132,026	115,435	139,356
Total business-type activities	<u>\$ 297,082</u>	<u>\$ 246,449</u>	<u>\$ 157,137</u>	<u>\$ 120,758</u>	<u>\$ 160,917</u>	<u>\$ 201,458</u>	<u>\$ 195,436</u>	<u>\$ 189,762</u>	<u>\$ 164,858</u>	<u>\$ 181,011</u>
District-wide										
Net investment in capital assets	\$ 18,867,236	\$ 18,946,375	\$ 19,607,979	\$ 21,183,397	\$ 21,900,793	\$ 23,463,318	\$ 26,087,569	\$ 27,387,280	\$ 28,492,900	\$ 30,473,742
Restricted	4,509,014	5,271,205	4,940,642	4,899,507	5,308,140	6,039,014	4,774,287	4,565,452	5,500,633	5,803,449
Unrestricted	1,377,607	985,024	(6,911,401)	(7,087,997)	(7,189,910)	(9,114,929)	(9,336,571)	(8,891,546)	(8,727,866)	(7,893,383)
Total district-wide	<u>\$ 24,753,857</u>	<u>\$ 25,202,604</u>	<u>\$ 17,637,220</u>	<u>\$ 18,994,907</u>	<u>\$ 20,019,023</u>	<u>\$ 20,387,403</u>	<u>\$ 21,525,285</u>	<u>\$ 23,061,186</u>	<u>\$ 25,265,667</u>	<u>\$ 28,383,808</u>
									*	

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 12,797,258	\$ 13,434,484	\$ 12,639,720	\$ 14,792,796	\$ 15,532,061	\$ 17,497,506	\$ 19,047,867	\$ 18,323,278	\$ 17,301,617	\$ 19,889,205
Special education	4,357,246	4,600,346	4,492,434	5,374,421	5,797,724	6,409,476	7,140,540	6,711,755	6,569,476	7,541,579
Other special education	1,233,805	1,160,214	1,178,118	1,354,506	1,410,624	1,733,351	1,680,881	1,672,180	1,459,568	1,782,799
Other instruction	367,467	369,819	384,880	381,331	425,542	445,971	484,552	439,310	509,542	217,292
Support services										
Tuition	495,464	614,482	708,273	787,923	583,148	602,237	975,604	1,075,150	935,044	762,399
Student and instruction related services	4,841,487	5,015,386	5,129,190	6,189,717	6,695,902	7,304,973	7,651,285	7,544,200	7,838,400	9,082,443
General and business administrative services	1,786,567	1,351,217	1,647,645	1,621,382	1,792,644	1,983,103	1,640,582	1,733,752	1,756,304	1,815,141
School administration	1,654,804	1,725,208	1,690,141	1,964,952	2,101,185	2,354,438	2,654,318	2,431,356	2,350,013	2,753,272
Plant operations and maintenance	2,360,481	2,450,613	2,556,242	2,413,523	2,505,463	2,623,557	2,810,879	2,794,372	2,879,796	2,981,426
Pupil transportation	1,947,401	2,035,908	2,054,985	1,714,418	1,571,941	1,851,479	2,042,716	1,906,964	1,743,300	1,872,310
Interest on long-term debt	1,047,243	1,014,502	809,984	842,475	802,887	649,110	657,835	421,416	421,510	370,342
Total governmental activities expenses	<u>32,889,223</u>	<u>33,772,179</u>	<u>33,291,612</u>	<u>37,437,444</u>	<u>39,219,121</u>	<u>43,455,201</u>	<u>46,787,059</u>	<u>45,053,733</u>	<u>43,764,570</u>	<u>49,068,208</u>
Business-type activities										
Food service	657,727	613,691	583,311	567,851	488,618	475,181	535,128	549,895	420,413	183,850
Summer program	27,067	29,760	23,962	20,901	17,509	15,676	10,677	13,153	9,393	-
Total business-type activities	<u>684,794</u>	<u>643,451</u>	<u>607,273</u>	<u>588,752</u>	<u>506,127</u>	<u>490,857</u>	<u>545,805</u>	<u>563,048</u>	<u>429,806</u>	<u>183,850</u>
Total district expenses	<u>\$ 33,574,017</u>	<u>\$ 34,415,630</u>	<u>\$ 33,898,885</u>	<u>\$ 38,026,196</u>	<u>\$ 39,725,248</u>	<u>\$ 43,946,058</u>	<u>\$ 47,332,864</u>	<u>\$ 45,616,781</u>	<u>\$ 44,194,376</u>	<u>\$ 49,252,058</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 30,187	\$ 22,832	\$ 54,359	\$ 76,222	\$ 51,592	\$ 54,865	\$ 49,299	\$ 108,943	\$ 106,760	\$ 68,609
Special education instruction	22,418	50,263	99,573	43,193	16,841	15,109	-	-	-	-
Student & instruction related services	50,000	30,000	116,750	117,918	120,276	121,044	150,154	150,844	185,757	184,659
Plant operations and maintenance	48,598	63,965	76,285	54,191	52,186	53,176	49,091	47,833	60,062	-
Pupil transportation	21,028	25,160	4,285	31,794	11,881	78,654	23,869	65,164	18,277	578
Operating grants and contributions	500,139	535,302	507,168	564,735	440,978	537,585	532,138	570,690	460,009	624,336
Capital grants and contributions	43,716	-	32,530	477,251	64,689	10,147	-	-	-	24,722
Total governmental activities	<u>716,086</u>	<u>727,522</u>	<u>890,950</u>	<u>1,365,304</u>	<u>758,443</u>	<u>870,580</u>	<u>804,551</u>	<u>943,474</u>	<u>830,865</u>	<u>902,904</u>
Business-type activities										
Charges for services										
Food service	527,490	461,034	397,259	418,003	411,684	401,220	408,719	425,936	285,918	1,997
Summer programs	23,935	27,618	21,225	20,350	22,483	14,235	8,007	13,843	8,180	-
Operating grants and contributions	113,827	103,253	98,764	113,326	111,606	114,565	117,972	115,944	109,131	196,942
Total business-type activities	<u>665,252</u>	<u>591,905</u>	<u>517,248</u>	<u>551,679</u>	<u>545,773</u>	<u>530,020</u>	<u>534,698</u>	<u>555,723</u>	<u>403,229</u>	<u>198,939</u>
Total district-wide program revenue	<u>\$ 1,381,338</u>	<u>\$ 1,319,427</u>	<u>\$ 1,408,198</u>	<u>\$ 1,916,983</u>	<u>\$ 1,304,216</u>	<u>\$ 1,400,600</u>	<u>\$ 1,339,249</u>	<u>\$ 1,499,197</u>	<u>\$ 1,234,094</u>	<u>\$ 1,101,843</u>
Net (expense) revenues										
Governmental activities	\$ (32,173,137)	\$ (33,044,657)	\$ (32,400,662)	\$ (36,072,140)	\$ (38,460,678)	\$ (42,584,621)	\$ (45,982,508)	\$ (44,110,259)	\$ (42,933,705)	\$ (48,165,304)
Business-type activities	(19,542)	(51,546)	(90,025)	(37,073)	39,646	39,163	(11,107)	(7,325)	(26,577)	15,089
Total District-wide net expenses	<u>\$ (32,192,679)</u>	<u>\$ (33,096,203)</u>	<u>\$ (32,490,687)</u>	<u>\$ (36,109,213)</u>	<u>\$ (38,421,032)</u>	<u>\$ (42,545,458)</u>	<u>\$ (45,993,615)</u>	<u>\$ (44,117,584)</u>	<u>\$ (42,960,282)</u>	<u>\$ (48,150,215)</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 27,426,050	\$ 26,586,701	\$ 26,582,012	\$ 26,582,012	\$ 26,643,599	\$ 26,906,853	\$ 27,444,990	\$ 28,788,825	\$ 29,566,452	\$ 30,237,361
Taxes levied for debt service	2,183,349	2,194,238	2,182,408	2,098,623	2,037,036	2,109,696	2,112,227	2,072,481	2,000,870	2,041,923
Unrestricted grants and contributions	3,660,562	4,560,512	4,157,942	8,644,779	10,549,409	13,619,700	17,432,113	14,636,797	13,399,683	18,929,918
Investment earnings	51,050	30,540	31,822	30,984	33,091	48,130	108,024	124,033	86,954	10,686
Miscellaneous income	117,490	144,537	136,924	109,808	155,465	219,980	29,058	61,699	34,395	47,404
Special item - proceeds from insurance claim	-	25,448	-	-	-	-	-	-	-	-
Special item - gain (loss) on disposition of assets	17,254	2,061	6,565	-	26,035	8,101	-	(32,001)	-	-
Total governmental activities	<u>33,455,755</u>	<u>33,544,037</u>	<u>33,097,673</u>	<u>37,466,206</u>	<u>39,444,635</u>	<u>42,912,460</u>	<u>47,126,412</u>	<u>45,651,834</u>	<u>45,088,354</u>	<u>51,267,292</u>
Business-type activities										
Investment earnings	2,176	913	707	527	513	451	2,448	2,800	1,647	122
Miscellaneous income			6	167	-	927	2,637	68	26	942
Special item - gain (loss) on disposition of assets	-	-	-	-	-	-	-	(1,217)	-	-
Total business-type activities	<u>2,176</u>	<u>913</u>	<u>713</u>	<u>694</u>	<u>513</u>	<u>1,378</u>	<u>5,085</u>	<u>1,651</u>	<u>1,673</u>	<u>1,064</u>
Total district-wide	<u>\$ 33,457,931</u>	<u>\$ 33,544,950</u>	<u>\$ 33,098,386</u>	<u>\$ 37,466,900</u>	<u>\$ 39,445,148</u>	<u>\$ 42,913,838</u>	<u>\$ 47,131,497</u>	<u>\$ 45,653,485</u>	<u>\$ 45,090,027</u>	<u>\$ 51,268,356</u>
Change in net position										
Governmental activities	\$ 1,282,618	\$ 499,380	\$ 697,011	\$ 1,394,066	\$ 983,957	\$ 327,839	\$ 1,143,904	\$ 1,541,575	\$ 2,154,649	\$ 3,101,988
Business-type activities	(17,366)	(50,633)	(89,312)	(36,379)	40,159	40,541	(6,022)	(5,674)	(24,904)	16,153
Total district	<u>\$ 1,265,252</u>	<u>\$ 448,747</u>	<u>\$ 607,699</u>	<u>\$ 1,357,687</u>	<u>\$ 1,024,116</u>	<u>\$ 368,380</u>	<u>\$ 1,137,882</u>	<u>\$ 1,535,901</u>	<u>\$ 2,129,745</u>	<u>\$ 3,118,141</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Restricted	\$ 4,934,839	\$ 5,786,207	\$ 4,404,201	\$ 5,225,677	\$ 6,338,677	\$ 7,566,975	\$ 6,202,767	\$ 5,963,700	\$ 6,862,300	\$ 7,242,115
Committed	638,927	372,039	499,975	182,693	250,268	60,613	137,866	346,016	320,712	423,159
Assigned	314,774	36,715	56,696	-	-	-	19,169	43,876	112,871	84,555
Unassigned	445,833	446,835	582,415	606,312	605,781	536,855	572,145	643,595	622,417	929,834
Total general fund	<u>\$ 6,334,373</u>	<u>\$ 6,641,796</u>	<u>\$ 5,543,287</u>	<u>\$ 6,014,682</u>	<u>\$ 7,194,726</u>	<u>\$ 8,164,443</u>	<u>\$ 6,931,947</u>	<u>\$ 6,997,187</u>	<u>\$ 7,918,300</u>	<u>\$ 8,679,663</u>
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,736	\$ 67,200
Capital projects fund	901,465	867,665	1,920,494	1,204,618	1,591,939	340,922	332,562	332,562	103,356	-
Assigned, reported in										
Debt service fund	15,296	13,264	75,779	75,758	-	10,868	13,276	2,408	134,134	134,134
Total all other governmental funds	<u>\$ 916,761</u>	<u>\$ 880,929</u>	<u>\$ 1,996,273</u>	<u>\$ 1,280,376</u>	<u>\$ 1,591,939</u>	<u>\$ 351,790</u>	<u>\$ 345,838</u>	<u>\$ 334,970</u>	<u>\$ 312,226</u>	<u>\$ 201,334</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	\$ 29,609,399	\$ 28,780,939	\$ 28,764,420	\$ 28,680,635	\$ 28,680,635	\$ 29,016,549	\$ 29,557,217	\$ 30,861,306	\$ 31,567,322	\$ 32,279,284
Tuition charges	52,605	70,290	153,932	119,415	68,433	69,974	49,299	108,943	106,760	44,934
Transportation fees	3,240	3,976	2,740	30,651	5,300	4,410	6,225	7,960	5,200	460
Interest earnings	51,050	30,540	31,822	30,984	33,091	48,130	108,024	124,033	86,954	10,686
Local contributions	-	-	-	-	-	-	-	111,400	10,553	29,416
Miscellaneous	105,781	143,231	128,390	127,875	135,272	195,787	87,480	108,198	65,110	47,404
State sources	3,596,796	4,562,436	4,157,942	4,666,750	5,101,995	5,382,089	6,625,720	6,890,554	7,062,741	8,612,831
State sources - capital projects	43,716	-	32,530	477,251	64,689	10,147	-	-	-	24,722
Federal sources	550,742	519,018	506,572	515,143	430,168	516,647	546,780	484,565	464,504	632,889
Total revenues	34,013,329	34,110,430	33,778,348	34,648,704	34,519,583	35,243,733	36,980,745	38,696,959	39,369,144	41,682,626
Expenditures										
Instruction										
Regular instruction	8,923,049	9,248,836	8,865,777	8,561,728	8,409,875	8,667,280	8,718,908	9,045,229	8,888,124	9,028,723
Special education instr.	2,935,415	3,077,130	3,060,710	3,149,810	3,184,856	3,197,239	3,333,486	3,382,801	3,526,311	3,550,699
Other special instruction	834,278	757,010	771,403	728,214	731,952	824,762	731,185	782,227	720,714	747,424
Other instruction	257,875	262,570	275,295	265,499	279,355	272,258	279,909	276,648	268,225	129,123
Support services										
Tuition	186,502	205,805	347,447	435,836	275,801	264,619	578,543	714,126	585,044	405,098
Student & instructional related services	3,390,964	3,451,729	3,566,545	3,682,757	3,736,526	3,624,785	3,665,310	3,962,214	4,065,150	4,145,801
General administration	610,822	537,283	587,730	538,087	584,315	561,157	529,140	566,130	586,645	478,430
School admin. services	1,173,417	1,217,813	1,169,356	1,179,916	1,214,701	1,229,833	1,239,415	1,276,311	1,308,662	1,383,389
Central services	454,006	418,120	432,803	439,609	433,996	519,533	419,667	433,917	449,157	456,497
Administrative										
information technology	63,445	30,307	72,272	70,358	74,915	79,946	79,464	83,109	86,511	88,308
Plant operations and maintenance										
Pupil transportation	2,071,894	2,178,294	2,300,029	2,133,662	2,171,537	2,224,999	2,368,661	2,416,326	2,497,818	2,578,424
Employee benefits	4,474,216	4,452,886	4,429,031	5,055,633	4,923,510	4,986,488	5,164,964	5,384,450	5,488,861	5,491,209
On-behalf TPAF Pension & Social Security contrib.	2,394,144	3,081,345	2,571,355	2,975,277	3,477,161	3,770,332	4,290,449	4,957,016	5,040,596	6,366,029
Capital outlay	18,521	288,060	661,251	493,343	522,825	551,660	852,571	1,224,172	1,217,562	2,098,425

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenditures (cont'd)										
Special revenue funds	\$ 500,139	\$ 535,302	\$ 507,168	\$ 564,735	\$ 440,978	\$ 537,585	\$ 532,138	\$ 570,690	\$ 460,009	\$ 655,067
Capital projects	37,037	33,800	176,406	1,193,127	319,761	1,658,181	8,360	-	-	-
Debt service										
Principal	1,164,737	1,230,786	1,331,887	1,315,000	1,370,000	1,410,000	3,375,000	1,495,000	1,470,000	1,565,000
Interest & other charges	1,071,932	1,041,089	873,119	857,949	817,774	785,904	607,784	663,274	608,186	551,849
Total expenditures	<u>32,279,274</u>	<u>33,866,348</u>	<u>33,866,783</u>	<u>34,893,206</u>	<u>34,064,376</u>	<u>36,416,234</u>	<u>38,219,193</u>	<u>38,642,587</u>	<u>38,545,511</u>	<u>41,032,155</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,734,055</u>	<u>244,082</u>	<u>(88,435)</u>	<u>(244,502)</u>	<u>455,207</u>	<u>(1,172,501)</u>	<u>(1,238,448)</u>	<u>54,372</u>	<u>823,633</u>	<u>650,471</u>
Other financing sources (uses)										
Proceeds from bond issue & refunding bond issue	-	-	7,905,000	-	990,000	9,285,000	-	-	-	-
Premium on bond issue	-	-	279,024	-	-	1,276,745	-	-	-	-
Payments to refunding bond escrow agent	-	-	(8,085,319)	-	-	(9,667,777)	-	-	-	-
Proceeds from disposition of capital assets	17,254	2,061	6,565	-	46,400	8,101	-	-	-	-
Insurance claim proceeds for flooding damage	-	25,448	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>17,254</u>	<u>27,509</u>	<u>105,270</u>	<u>-</u>	<u>1,036,400</u>	<u>902,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,751,309</u>	<u>\$ 271,591</u>	<u>\$ 16,835</u>	<u>\$ (244,502)</u>	<u>\$ 1,491,607</u>	<u>\$ (270,432)</u>	<u>\$ (1,238,448)</u>	<u>\$ 54,372</u>	<u>\$ 823,633</u>	<u>\$ 650,471</u>
Debt service as a percentage of non-capital expenditures	7.46%	7.26%	7.15%	7.00%	7.05%	6.86%	11.93%	6.12%	5.90%	5.75%

Source: District Records

- Note: 1) Non-capital expenditures are total expenditures less capital outlay.
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Interest income	\$ 51,050	\$ 25,829	\$ 31,822	\$ 30,984	\$ 33,091	\$ 48,129	\$ 108,024	\$ 124,033	\$ 86,954	\$ 10,686
Tuition	52,605	21,104	153,932	119,415	68,434	69,974	49,299	108,943	106,760	44,934
Transportation fees	3,240	2,340	2,740	30,651	5,300	4,410	6,225	7,960	5,200	460
Building use rental income	39,495	48,701	51,842	43,863	44,585	43,881	42,692	46,499	30,715	-
Prior year refunds	7,875	2,738	14,616	-	-	4,246	1,812	16,548	12,761	31,205
Sale of surplus supplies	-	4,873	-	247	6,052	480	25	18,104	-	-
Donations	-	26,000	-	-	-	-	-	-	-	-
Prior year outstanding checks canceled	35	19	57	-	-	-	-	-	-	-
Prior year accounts payable canceled	-	-	-	-	-	-	283	-	-	-
E-rate telephone rebates	42,498	46,520	43,878	33,948	73,240	91,870	15,266	20,714	16,823	8,256
Sale of assets	-	-	-	-	-	-	1,445	1,349	4,765	4,330
Miscellaneous										
Account balances canceled	215	-	-	-	-	20,000	-	-	1	-
Refunds	2,500	-	-	-	360	-	55	-	-	-
Other	-	-	7,857	25	224	3,465	10,172	4,984	45	3,613
Annual totals	<u>\$ 199,513</u>	<u>\$ 178,124</u>	<u>\$ 306,744</u>	<u>\$ 259,133</u>	<u>\$ 231,286</u>	<u>\$ 286,455</u>	<u>\$ 235,298</u>	<u>\$ 349,134</u>	<u>\$ 264,024</u>	<u>\$ 103,484</u>

Source: District Records

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Vacant land	\$ 25,304,300	\$ 35,670,602	\$ 36,540,300	\$ 35,541,000	\$ 31,194,600	\$ 26,021,500	\$ 23,944,836	\$ 20,033,957	\$ 18,043,200	\$ 19,277,900
Residential	2,024,958,200	1,989,936,800	2,007,826,300	2,023,142,400	2,036,191,100	2,058,524,200	2,076,043,900	2,095,940,300	2,110,606,200	2,648,491,100
Farm regular	137,991,300	133,364,572	128,271,821	126,445,100	123,306,100	125,242,400	121,786,200	118,750,100	119,770,700	139,494,700
Q farm	4,197,992	4,171,297	4,235,707	4,213,574	4,726,655	4,674,248	5,022,757	4,691,100	4,975,400	4,648,900
Commercial	435,330,900	432,721,600	429,259,800	366,926,100	342,902,000	342,292,300	323,400,000	319,550,000	317,972,400	412,302,300
Industrial	51,523,000	51,486,800	51,486,800	51,486,800	53,386,800	53,912,800	53,912,800	53,912,800	53,912,800	81,410,200
Apartment	1,111,400	1,368,100	1,368,100	1,368,100	1,368,100	1,367,100	1,096,400	1,096,400	3,512,200	1,815,000
Total assessed value	2,680,417,092	2,648,719,771	2,658,988,828	2,609,123,074	2,593,075,355	2,612,034,548	2,605,206,893	2,613,974,657	2,628,792,900	3,307,440,100
Public utilities (a)	4,845,327	4,355,257	4,447,256	257,705	257,705	257,705	257,705	483,414	477,438	592,163
Net valuation taxable	\$ 2,685,262,419	\$ 2,653,075,028	\$ 2,663,436,084	\$ 2,609,380,779	\$ 2,593,333,060	\$ 2,612,292,253	\$ 2,605,464,598	\$ 2,614,458,071	\$ 2,629,270,338	\$ 3,308,032,263
Estimated actual county equalized value	\$ 3,207,815,577	\$ 3,172,017,011	\$ 3,105,323,638	\$ 2,980,105,960	\$ 3,078,505,532	\$ 3,233,436,382	\$ 3,207,910,119	\$ 3,200,465,260	\$ 3,258,887,379	\$ 3,180,517,266
Percentage of net valuation to estimated actual equalized value	83.71%	83.64%	85.77%	87.56%	84.24%	80.79%	81.22%	81.69%	80.68%	104.01%
Total direct school tax rate (b)	\$ 1.09	\$ 1.09	\$ 1.08	\$ 1.10	\$ 1.11	\$ 1.12	\$ 1.16	\$ 1.19	\$ 1.22	\$ 0.98

*

Source: Municipal Tax Assessor

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

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

* Revaluation; Limited exemptions and abatement:

See independent auditors' report.

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

Assessment Year	School District Direct Rate			Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic	General	(From J-6)		Municipality	County	
	Rate (a)	Obligation Debt Service (b)	Total Direct School Tax Rate				
2012	\$ 1.01	\$ 0.08	\$ 1.09	\$ 0.69	\$ 0.47	\$ 0.42	\$ 2.67
2013	1.01	0.08	1.09	0.70	0.51	0.43	2.73
2014	1.00	0.08	1.08	0.69	0.52	0.43	2.72
2015	1.02	0.08	1.10	0.69	0.54	0.42	2.75
2016	1.03	0.08	1.11	0.70	0.55	0.44	2.80
2017	1.04	0.08	1.12	0.72	0.57	0.46	2.87
2018	1.08	0.08	1.16	0.73	0.58	0.47	2.94
2019	1.11	0.08	1.19	0.74	0.59	0.46	2.98
2020	1.14	0.08	1.22	0.74	0.62	0.47	3.05
2021	* 0.92	0.06	0.98	0.59	0.51	0.36	2.44

Sources: Municipal Tax Collector

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

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

* Revaluation; Limited exemptions and abatements

See independent auditors' report.

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

	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Unicom Science Technology Park Inc.	\$ 126,650,200	1	3.83%	\$ -	-	-
Federal Insurance Co	62,000,000	2	1.87%	55,507,800	2	2.07%
Lamington River Farms	20,602,800	3	0.62%	14,529,400	3	0.54%
Whitehouse Mall	11,500,000	4	0.35%	6,587,400	7	0.25%
Individual Property Owner #1	9,961,500	5	0.30%	9,845,000	4	0.37%
Salem Realty II LLC	9,607,000	6	0.29%	5,540,000	9	0.21%
Transcontinental Gas Pipeline	9,592,600	7	0.29%	8,274,600	5	0.31%
Somerville Associates	7,200,000	8	0.22%	5,700,000	8	0.21%
Readington Farms Inc	7,003,200	9	0.21%	-	-	-
Bishop & Bishop Land Partnership	-	-	-	5,539,700	10	0.21%
Merck & Co	-	-	-	215,399,200	1	8.02%
Stanton Golf Properties	-	-	-	7,492,500	6	0.28%
	<u>\$ 264,117,300</u>		<u>7.98%</u>	<u>\$ 334,415,600</u>		<u>12.47%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Fiscal Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2012	\$ 29,609,399	\$ 29,609,399	100.00%
2013	28,780,939	28,780,939	100.00%
2014	28,764,420	28,764,420	100.00%
2015	28,680,635	28,680,635	100.00%
2016	28,680,635	28,680,635	100.00%
2017	29,016,549	29,016,549	100.00%
2018	29,557,217	29,557,217	100.00%
2019	30,861,306	30,861,306	100.00%
2020	31,567,322	31,567,322	100.00%
2021	32,279,284	32,279,284	100.00%

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

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Activities Capital Leases			
2012	\$ 24,557,673	\$ -	\$ -	\$ -	\$ -	\$ 24,557,673	2.13%	\$ 1,530
2013	23,326,887	-	-	-	-	23,326,887	1.94%	1,461
2014	21,990,000	-	-	-	-	21,990,000	1.84%	1,378
2015	20,675,000	-	-	-	-	20,675,000	1.65%	1,299
2016	20,295,000	-	-	-	-	20,295,000	1.57%	1,275
2017	18,685,000	-	-	-	-	18,685,000	1.40%	1,176
2018	15,310,000	-	-	-	-	15,310,000	1.13%	961
2019	13,815,000	-	-	-	-	13,815,000	0.98%	870
2020	12,345,000	-	-	-	-	12,345,000	0.84%	778
2021	10,780,000	-	-	-	-	10,780,000	N/A	680

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

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2012	\$ 24,557,673	\$ -	\$ 24,557,673	0.91%	\$ 1,530
2013	23,326,887	-	23,326,887	0.88%	1,461
2014	21,990,000	-	21,990,000	0.83%	1,378
2015	20,675,000	-	20,675,000	0.79%	1,299
2016	20,295,000	-	20,295,000	0.78%	1,275
2017	18,685,000	-	18,685,000	0.72%	1,176
2018	15,310,000	-	15,310,000	0.59%	961
2019	13,815,000	-	13,815,000	0.53%	870
2020	12,345,000	-	12,345,000	0.47%	778
2021	10,780,000	-	10,780,000	0.33%	680

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

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

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

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2020

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 43,928,889	100.00%	\$ 43,928,889
Regional High School	2,110,000	33.53%	707,543
County general obligation debt	90,647,955	14.70%	<u>13,321,725</u>
Subtotal, overlapping debt			57,958,157
School district direct debt			<u>11,385,000</u>
Total direct and overlapping debt			<u><u>\$ 69,343,157</u></u>

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized Valuation Basis
	2020 \$ 3,164,551,463
	2019 3,239,931,404
	2018 3,189,138,074
	<u>\$ 9,593,620,941</u>
Average equalized valuation of taxable property	<u>\$ 3,197,873,647</u>
Debt limit (3.0% of average equalization value)	\$ 95,936,209
Total net debt applicable to limit	<u>10,780,000</u>
Legal debt margin	<u>\$ 85,156,209</u>

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt limit	\$ 93,436,605	\$ 95,228,990	\$ 96,147,874	\$ 96,450,669	\$ 95,936,209
Total net debt applicable	<u>18,685,000</u>	<u>15,310,000</u>	<u>13,815,000</u>	<u>12,345,000</u>	<u>10,780,000</u>
Legal debt margin	<u>\$ 74,751,605</u>	<u>\$ 79,918,990</u>	<u>\$ 82,332,874</u>	<u>\$ 84,105,669</u>	<u>\$ 85,156,209</u>
Total net debt applicable to the limit as a percentage of debt limit	20.00%	16.08%	14.37%	12.80%	11.24%

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt limit	\$ 105,035,670	\$ 100,736,283	\$ 95,592,158	\$ 93,296,350	\$ 92,221,774
Total net debt applicable	<u>24,557,673</u>	<u>23,326,887</u>	<u>21,990,000</u>	<u>20,675,000</u>	<u>20,295,000</u>
Legal debt margin	<u>\$ 80,477,997</u>	<u>\$ 77,409,396</u>	<u>\$ 73,602,158</u>	<u>\$ 72,621,350</u>	<u>\$ 71,926,774</u>
Total net debt applicable to the limit as a percentage of debt limit	23.38%	23.16%	23.00%	22.16%	22.01%

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

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

See independent auditors' report.

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

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2012	15,965	\$ 1,148,458,240	\$ 71,936	6.3%
2013	15,960	1,200,814,440	75,239	6.3%
2014	15,913	1,194,350,215	75,055	4.7%
2015	15,913	1,250,363,975	78,575	3.9%
2016	15,887	1,287,196,514	81,022	3.7%
2017	15,927	1,333,742,907	83,741	3.7%
2018	15,882	1,350,478,224	85,032	3.2%
2019	15,872	1,405,703,680	88,565	2.7%
2020	15,863	1,464,012,133	92,291	7.3%
2021	N/A	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

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

2021

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

2012

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

See independent auditors' report.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function/Program										
Instruction										
Regular	129.3	127.9	126.4	117.7	109.0	122.5	117.4	125.8	121.2	119.1
Special education	50.4	66.5	76.5	66.1	55.0	60.0	70.3	67.2	67.2	71.2
Other special education	24.8	12.6	11.5	10.5	10.5	11.5	10.3	10.0	10.0	9.0
Support services										
Student and instruction related services	46.0	44.8	43.8	60.3	55.8	49.0	51.4	53.9	54.0	58.0
General administration	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administration services	15.5	15.5	15.5	16.0	15.0	16.0	16.0	16.0	16.0	16.0
Other administration services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Central services	6.7	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Administrative information technology	1.0	1.0	1.0	1.5	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	12.6	13.3	13.3	15.0	11.5	11.0	10.0	10.0	10.0	10.0
Pupil transportation	18.6	19.4	19.4	21.0	21.0	19.0	14.0	15.0	17.0	13.9
Total	<u>308.0</u>	<u>310.1</u>	<u>316.4</u>	<u>317.1</u>	<u>287.8</u>	<u>299.0</u>	<u>299.4</u>	<u>307.9</u>	<u>305.4</u>	<u>306.2</u>

Source: District Personnel Records

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	1,955	\$ 29,987,047	\$ 15,339	2.44%	206	1 to 9.49	1,959.1	1,880.5	-3.52%	95.99%
2013	1,875	31,272,613	16,679	8.74%	200	1 to 9.38	1,844.1	1,762.6	-5.87%	95.58%
2014	1,780	30,824,120	17,317	3.83%	195	1 to 9.13	1,777.9	1,706.0	-3.59%	95.96%
2015	1,752	31,033,787	17,713	2.29%	196	1 to 8.94	1,754.8	1,684.0	-1.30%	95.97%
2016	1,690	31,034,016	18,363	3.67%	195	1 to 8.67	1,689.5	1,622.8	-3.72%	96.05%
2017	1,620	32,010,489	19,760	7.61%	191	1 to 8.48	1,609.2	1,549.2	-4.75%	96.27%
2018	1,528	33,375,478	21,843	10.54%	198	1 to 7.72	1,512.8	1,452.0	-5.99%	95.98%
2019	1,509	35,260,141	23,367	6.98%	203	1 to 7.43	1,490.0	1,430.0	-1.51%	95.97%
2020	1,490	35,249,763	23,658	1.25%	198	1 to 7.53	1,476.5	1,429.4	-0.90%	96.81%
2021	1,402	36,816,881	26,260	10.99%	192	1 to 7.30	1,412.2	1,379.6	-4.36%	97.69%

Source: District Records

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

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Elementary										
Whitehouse School (1916)										
Square feet	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333
Capacity (students)	531	531	531	531	531	531	531	531	531	531
Enrollment	372	337	342	352	341	331	303	303	307	311
Three Bridges School (1950)										
Square feet	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435
Capacity (students)	445	445	445	445	445	445	445	445	445	445
Enrollment	373	337	317	333	320	321	301	330	303	276
Holland Brook School (1999)										
Square feet	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150
Capacity (students)	653	653	653	653	653	653	653	653	653	653
Enrollment	463	429	405	378	372	361	335	321	330	319
Middle										
Readington Middle School (1962)										
Square feet	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536
Capacity (students)	832	832	832	832	832	832	832	832	832	832
Enrollment	742	748	709	688	641	607	577	555	532	496
Number of schools at June 30, 2021:										
Elementary	3									
Middle	1									

Source: District Facilities Office

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

See independent auditors' report.

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

Undistributed Expenditures - Required Maintenance for School Facilities

Fiscal Year Ending	*School Facilities				Total
	Three Bridges School	Whitehouse School	Holland Brook School	Readington Middle School	
2012	\$ 115,270	\$ 100,249	\$ 142,749	\$ 177,767	\$ 536,035
2013	128,858	108,675	181,545	202,067	621,145
2014	146,587	100,587	124,561	188,397	560,132
2015	91,615	85,736	108,262	159,699	445,312
2016	90,478	90,458	127,052	177,695	485,683
2017	82,333	83,136	120,859	149,677	436,005
2018	115,113	89,246	128,967	170,199	503,525
2019	100,041	120,892	117,575	177,799	516,307
2020	159,080	93,858	111,702	197,616	562,256
2021	122,499	126,670	164,087	207,371	620,627
Total school facilities	<u>\$ 1,151,874</u>	<u>\$ 999,507</u>	<u>\$ 1,327,359</u>	<u>\$ 1,808,287</u>	<u>\$ 5,287,027</u>

Source: District Records

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

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2021
(Unaudited)

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

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Readington Township School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 23, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



BKC, CPAs, PC



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

February 23, 2022
Flemington, New Jersey



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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Readington Township School District's, (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, the Uniform Guidance and the OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

BKC, CPAs, PC

BKC, CPAs, PC

MU

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

February 23, 2022
Flemington, New Jersey

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2021

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/20	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/Repayment of Prior Year Balance	Balance June 30, 2021		
					From	To						Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Departments of Education and Health & Human Services														
General Fund														
Medical Assistance Program (SEMI cluster)	93.778	2005NJ5MAP	N/A	\$ 14,774	07/01/20	06/30/21	\$ -	\$ -	\$ 14,774	\$ 14,774	\$ -	\$ -	\$ -	\$ -
Total General Fund							-	-	14,774	14,774	-	-	-	-
U.S. Department of Education passed through State Department of Education														
Special Revenue Fund														
Special Education Cluster														
IDEA Basic	84.027	H027A200100	IDEA-435021	369,426	07/01/20	06/30/21	-	-	357,750	359,366	-	(1,616)	-	-
IDEA Basic	84.027	H027A190100	IDEA-435020	354,889	07/01/19	06/30/20	(1,424)	(1,575)	2,999	-	-	-	-	-
IDEA Basic Carryover	84.027	H027A190100	IDEA-435020	354,889	07/01/19	06/30/20	-	1,575	-	1,575	-	-	-	-
IDEA Preschool	84.173	H173S200114	IDEA-435021	13,548	07/01/20	06/30/21	-	-	11,648	13,548	-	(1,900)	-	-
IDEA Preschool	84.173	H173S190114	IDEA-435020	13,381	07/01/20	06/30/21	(428)	(111)	539	-	-	-	-	-
IDEA Preschool Carryover	84.173	H173S190114	IDEA-435020	13,381	07/01/19	06/30/20	-	111	-	111	-	-	-	-
Total Special Education Cluster							(1,852)	-	372,936	374,600	-	(3,516)	-	-
ESSA Title I A	84.010A	S010S200030	ESSA-435021	50,265	07/01/20	06/30/21	-	-	35,894	41,775	-	(5,881)	-	-
ESSA Title I A	84.010A	S010S190030	ESSA-435020	49,998	07/01/19	06/30/20	(5,845)	(10,399)	16,244	-	-	-	-	-
ESSA Title I A Carryover	84.010A	S010S190030	ESSA-435020	49,998	07/01/19	06/30/20	-	10,399	-	10,399	-	-	-	-
ESSA Title II A	84.367A	S367A200029	ESSA-435021	19,649	07/01/20	06/30/21	-	-	17,257	17,257	-	-	-	-
ESSA Title II A	84.367A	S367A190029	ESSA-435020	19,155	07/01/19	06/30/20	(1,061)	(70)	1,131	-	-	-	-	-
ESSA Title II A Carryover	84.367A	S367A190029	ESSA-435020	19,155	07/01/19	06/30/20	-	70	-	70	-	-	-	-
ESSA Title III Consortium	84.365A	S365A200030	ESSA-435021	13,036	07/01/20	06/30/21	-	-	10,362	10,538	-	(176)	-	-
ESSA Title III Consortium	84.365A	S365A190030	ESSA-435020	12,575	07/01/19	06/30/20	(3,924)	(2,427)	6,351	-	-	-	-	-
ESSA Title III Consortium Carryover	84.365A	S365A190030	ESSA-435020	12,575	07/01/19	06/30/20	-	2,427	-	2,427	-	-	-	-
ESSA Title III Immigrant	84.365A	S365A200030	ESSA-297020	1,439	07/01/20	06/30/21	-	-	1,169	1,169	-	-	-	-
ESSA Title IV	84.365	S365A200030	ESSA-435021	10,000	07/01/20	06/30/21	-	-	8,934	10,000	-	(1,066)	-	-
Cares Emergency Relief	84.425	S425D200027	CARES-435021	42,391	03/13/20	09/30/22	-	-	42,391	42,391	-	-	-	-
Coronavirus Relief Fund	84.425	S425D200027	CARES-435021	49,695	07/01/20	06/30/21	-	-	49,695	49,695	-	-	-	-
Digital Divide Grant	84.425	S425D200027	CARES-435021	52,266	07/16/20	10/31/20	-	-	52,266	52,266	-	-	-	-
CRSSA Mental Health	84.425	S425D200027	CRSSA-1160-23	135,167	03/13/20	09/30/23	-	-	-	5,528	-	(5,528)	-	-
Total Special Revenue Fund							(12,682)	-	614,630	618,115	-	(16,167)	-	-

See independent auditors' report

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2021

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/20	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/Repayment of Prior Year Balance	Balance June 30, 2021		
					From	To						Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund														
Child Nutrition Cluster														
National School Lunch Program														
Non-Cash Assistance (Commodities)	10.555	211NJ304N1099	N/A	\$ 11,045	10/01/20	09/30/21	\$ -	\$ -	\$ 11,045	\$ 4,659	\$ -	\$ -	\$ 6,386	\$ -
National School Lunch Program														
Non-Cash Assistance (Commodities)	10.555	201NJ304N1099	N/A	31,202	10/01/19	09/30/20	3,781	-	-	3,781	-	-	-	-
National School Lunch Program														
Cash Assistance	10.555	211NJ304N1099	N/A	122,050	10/01/20	09/30/21	-	-	107,107	122,050	-	(14,943)	-	-
National School Lunch Program														
Cash Assistance	10.555	201NJ304N1099	N/A	75,326	10/01/19	09/30/20	(4,614)	-	4,614	-	-	-	-	-
National School Breakfast Program	10.553	211NJ304N1099	N/A	59,488	10/01/20	09/30/21	-	-	51,599	59,488	-	(7,889)	-	-
Total Enterprise Fund							<u>(833)</u>	<u>-</u>	<u>174,365</u>	<u>189,978</u>	<u>-</u>	<u>(22,832)</u>	<u>6,386</u>	<u>-</u>
Total Federal Financial Assistance							<u>\$ (13,515)</u>	<u>\$ -</u>	<u>\$ 803,769</u>	<u>\$ 822,867</u>	<u>\$ -</u>	<u>\$ (38,999)</u>	<u>\$ 6,386</u>	<u>\$ -</u>

See independent auditors' report

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2021

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2020		Cash Received	Budgetary Expenditure	Repayment	Balance June 30, 2021			Memo	
			From	To	Unearned Rev. (Accts. Rec)	Due to Grantor			of Prior Year Balances	Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	21-495-034-5120-089	\$ 1,293,097	07/01/20	06/30/21	\$ -	\$ -	\$ 1,170,323	\$ 1,293,097	\$ -	\$ -	\$ -	\$ -	\$ 122,774	\$ 1,293,097
Security Aid	21-495-034-5120-084	69,578	07/01/20	06/30/21	-	-	62,972	69,578	-	-	-	-	6,606	69,578
Transportation Aid	21-495-034-5120-014	394,345	07/01/20	06/30/21	-	-	356,904	394,345	-	-	-	-	37,441	394,345
Extraordinary Special Education Costs Aid	20-495-034-5120-044	348,521	07/01/19	06/30/20	(316,789)	-	348,521	31,732	-	-	-	-	-	348,521
Extraordinary Special Education Costs Aid	21-495-034-5120-044	440,015	07/01/20	06/30/21	-	-	-	440,015	-	(440,015)	-	-	-	440,015
Non-Public Transportation Aid	21-495-034-5120-014	17,400	07/01/20	06/30/21	-	-	-	17,400	-	(17,400)	-	-	-	17,400
On-Behalf TPAF Pension Contribution - Postretirement Medical	21-495-034-5094-001	1,259,562	07/01/20	06/30/21	-	-	1,259,562	1,259,562	-	-	-	-	-	1,259,562
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	21-495-034-5094-004	75,043	07/01/20	06/30/21	-	-	75,043	75,043	-	-	-	-	-	75,043
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	21-495-034-5094-002	3,944,181	07/01/20	06/30/21	-	-	3,944,181	3,944,181	-	-	-	-	-	3,944,181
On-Behalf TPAF Pension Contribution - Long-Term Disability	21-495-034-5094-004	1,971	07/01/20	06/30/21	-	-	1,971	1,971	-	-	-	-	-	1,971
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	1,063,052	07/01/19	06/30/20	(53,245)	-	53,245	-	-	-	-	-	-	1,063,052
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	1,085,272	07/01/20	06/30/21	-	-	1,031,471	1,085,272	-	(53,801)	-	-	-	1,085,272
Total General Fund					(370,034)	-	8,304,193	8,612,196	-	(511,216)	-	-	166,821	9,992,037

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B (continued)
For the Fiscal Year Ended June 30, 2021

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2020		Cash Received	Budgetary Expenditure	Repayment	Balance June 30, 2021			Memo		
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor			of Prior Year Balances	Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure	
NJ School Development Authority															
Capital Projects Fund															
ROD IV-Security Surveillance Upgrades															
Readington Middle School	4350-050-14-1006	\$ 46,000	N/A	N/A	\$ (46,000)	\$ -	\$ 31,647	\$ (14,353)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,647
Three Bridges Elementary School	4350-060-14-1007	24,000	N/A	N/A	(24,000)	-	22,434	(1,566)	-	-	-	-	-	-	22,434
Whitehouse Elementary School	4350-070-14-1008	28,000	N/A	N/A	(28,000)	-	24,235	(3,765)	-	-	-	-	-	-	24,235
Holland Brook Elementary School	4350-030-14-1005	26,000	N/A	N/A	(26,000)	-	25,350	(650)	-	-	-	-	-	-	25,350
Total Capital Projects Fund					<u>(124,000)</u>	<u>-</u>	<u>103,666</u>	<u>(20,334)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,666</u>
State Department of Education															
Debt Service Fund															
Debt Service Aid - State Support	21-495-034-5120-017	7,115	07/01/19	06/30/20	-	-	7,115	7,115	-	-	-	-	-	-	7,115
Total Debt Service Fund					<u>-</u>	<u>-</u>	<u>7,115</u>	<u>7,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,115</u>
State Department of Agriculture															
Enterprise Fund															
State School Lunch Program	21-100-010-3350-023	6,964	07/01/20	06/30/21	-	-	5,188	6,964	-	(1,776)	-	-	-	-	6,964
State School Lunch Program	20-100-010-3350-023	5,173	07/01/19	06/30/20	(1,390)	-	1,390	-	-	-	-	-	-	-	5,173
Total Enterprise Fund					<u>(1,390)</u>	<u>-</u>	<u>6,578</u>	<u>6,964</u>	<u>-</u>	<u>(1,776)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,137</u>
Total State Financial Assistance					<u>\$ (495,424)</u>	<u>\$ -</u>	<u>\$ 8,421,552</u>	<u>8,605,941</u>	<u>\$ -</u>	<u>\$(512,992)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,821</u>	<u>\$10,107,840</u>	
Less: On-Behalf TPAF Pension System Contributions															
On-Behalf TPAF Pension Contribution -															
Teachers' Pension & Annuity Fund	21-495-034-5094-002							3,944,181							
On-Behalf TPAF Pension Contribution -															
Non-Contributory Insurance	21-495-034-5094-004							75,043							
On-Behalf TPAF Pension Contribution -															
Postretirement Medical	21-495-034-5094-001							1,259,562							
On-Behalf TPAF Pension Contribution -															
Long-Term Disability Insurance	21-495-034-5094-004							1,971							
Total for State Financial Assistance - Major Program Determination								<u>\$ 3,325,184</u>							

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2021

Note 1 - General

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

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$6,480) for the general fund, (\$754) for the special revenue fund, and \$45,056 for the capital projects fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2021

Note 3 - Relationship of financial statements (continued)

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

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund	\$ -	\$ 14,774	\$ 8,605,716	\$ 8,620,490
Special revenue fund	29,416	618,115	-	647,531
Capital projects fund	-	-	24,722	24,722
Debt service fund	-	-	7,115	7,115
Food service fund	-	189,978	6,964	196,942
Total awards and financial assistance	<u>\$ 29,416</u>	<u>\$ 822,867</u>	<u>\$ 8,644,517</u>	<u>\$ 9,496,800</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2021. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the fiscal year ended June 30, 2021.

Note 6 - Indirect costs

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
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. Were material weakness(es) identified? Yes X No
2. Were significant deficiencies identified? Yes X None reported

Noncompliance material to basic financial statements noted? Yes X No

Federal Awards

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
		<u>IDEA Special Education Cluster</u>
<u>84.027</u>	<u>H027A200100</u>	<u>IDEA Basic</u>
<u>84.173</u>	<u>H173S190114</u>	<u>IDEA Preschool</u>

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
<u>21-495-034-5120-089</u>	<u>State Aid Public Cluster:</u>
<u>21-495-034-5120-084</u>	<u>Special Education Categorical Aid</u>
<u>21-495-034-5094-003</u>	<u>Security Aid</u>
	<u>Reimbursed TPAF Social Security Contributions</u>

**READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021**

Section II - Financial Statement Findings

There were no findings or questioned costs for the fiscal year ended June 30, 2021.

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

There were no findings or questioned costs for the fiscal year ended June 30, 2021.

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**READINGTON TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2021**

Status of Prior Year Findings

There were no prior year audit findings/recommendations.