

WALLINGTON BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Wallington, New Jersey

**WALLINGTON BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-viii
Organizational Chart	ix
Roster of Officials	x
Consultants and Advisors	xi

FINANCIAL SECTION

Independent Auditor's Report	1-3
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	4-12
--------------------------------------	------

Basic Financial Statements

A. District-Wide Financial Statements

A-1 Statement of Net Position	13
A-2 Statement of Activities	14

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	15-16
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	17
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statement of Activities	18

Proprietary Funds

B-4 Statement of Net Position	19
B-5 Statement of Revenues, Expenses, and Changes in Net Position	20
B-6 Statement of Cash Flows	21

Fiduciary Funds – Not Applicable

Notes to the Financial Statements	22-62
--	-------

**WALLINGTON BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

C-1	Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	63-68
C-2	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP) and Actual – Special Revenue Fund	69

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	70
-----	--	----

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L. Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	71
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	72
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	73
L-4	Notes to Required Supplementary Information – Net Pension Liability	74
L-5	Required Supplementary Information – Schedule of Changes in the District’s Proportionate Share of Total OPEB Liability	75
L-6	Notes to Required Supplementary Information – OPEB Liability	76

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures - Special Revenue Fund – Budgetary Basis	77
E-2	Schedule of Preschool Education Aid Expenditures - Budgetary Basis – Not Applicable	78
E-3	Schedule of Receipts and Disbursements	79

**WALLINGTON BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

F. Capital Projects Fund – Not Applicable

G. Proprietary Funds – Not Applicable

H. Fiduciary Funds – Not Applicable

I. Long-Term Debt

I-1	Schedule of Serial Bonds Payable	80
I-2	Schedule of Capital Leases Payable – Not Applicable	81
I-3	Debt Service Fund Budgetary Comparison Schedule	82

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	83
J-2	Changes in Net Position	84
J-3	Fund Balances – Governmental Funds	85
J-4	Changes in Fund Balances - Governmental Funds	86
J-5	General Fund Other Local Revenue by Source	87
J-6	Assessed Value and Actual Value of Taxable Property	88
J-7	Property Tax Rates - Direct and Overlapping Governments	89
J-8	Principal Property Taxpayers	90
J-9	Property Tax Levies and Collections	91
J-10	Ratios of Outstanding Debt by Type	92
J-11	Ratios of Net General Bonded Debt Outstanding	93
J-12	Direct and Overlapping Governmental Activities Debt	94
J-13	Legal Debt Margin Information	95
J-14	Demographic Statistics	96
J-15	Principal Employers	97
J-16	Full-Time Equivalent District Employees by Function/Program	98
J-17	Operating Statistics	99
J-18	School Building Information	100
J-19	Schedule of Required Maintenance for School Facilities	101
J-20	Schedule of Insurance	102

**WALLINGTON BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards – Independent Auditor’s Report	103-104
K-2	Report on Compliance for each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	105-107
K-3	Schedule of Expenditures of Federal Awards	108
K-4	Schedule of Expenditures of State Financial Assistance	109
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	110-111
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	112-113
K-6	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	114-115
K-6	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	116
K-7	Summary Schedule of Prior Year Findings and Questioned Costs	117

INTRODUCTORY SECTION

BOARD OF EDUCATION
Wallington, N.J. 07057

JODY PIETROWITZ
BUSINESS ADMINISTRATOR
BOARD SECRETARY

JEFFERSON SCHOOL
(973) 777-4151
Fax(973) 470-9073

March 14, 2022

President Maciag and
Members of the Wallington Board of Education
Wallington, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Wallington 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 this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial section includes the financial statements and schedules, as well as the auditor's report thereon. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Uniform Guidance and State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to these single audits, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Wallington School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Wallington 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 K through 12. These include regular, vocational, E.S.L., as well as special education for handicapped youngsters. The District's Oct. 15, 2020 state aid student count was 1266 students.

2. ECONOMIC CONDITION AND OUTLOOK: The enrollment in the Wallington Public School is still experiencing significant growth. The district has also experienced a significant increase in "at risk" students since 1997. These are pupils who come from low-income families eligible for a free or reduced lunch. The trend shows: (Oct 30 count)

1997-98	- 140	"at risk" students
1998-99	- 124	"at risk" students
1999-00	- 118	"at risk" students
2000-01	- 108	"at risk" students
2001-02	- 105	"at risk" students
2002-03	- 155	"at risk" students
2003-04	- 155	"at risk" students
2004-05	- 184	"at risk" students
2005-06	- 191	"at risk" students
2006-07	- 232	"at risk" students
2007-08	- 230	"at risk" students
2008-09	- 248	"at risk" students
2009-10	- 306	"at risk" students
2010-11	- 321	"at risk" students
2011-12	- 348	"at risk" students
2012-13	- 358	"at risk" students
2013-14	- 385	"at risk" students
2014-15	- 401	"at risk" students
2015-16	- 464	"at risk" students
2016-17	- 417	"at risk" students
2017-18	- 471	"at risk" students
2018-19	- 443	"at risk" students
2019-20	- 368	"at risk" students
2020-21	- 421	"at risk" students

3. **MAJOR INITIATIVES:** The district is required to assess students in all grades 3-11 in language arts and in grades 3-8 in mathematics, as well as Algebra I, Algebra II, and Geometry. Students are assessed in Science in grades 6, 9, and 12. The NJSLA assessments which measure college and career readiness are now fully implemented. Through these assessments, as well as through our own local assessments, we are seeing improvement in moving students who were failing closer to the threshold of passing. QSAC audits have revealed that the area in greatest need of focus is in mathematics in the middle and high school grades. Our QSAC review is upcoming on February 9, 2022.

District Test Results vs. State are as follows **:

	Wallington	State
	% At or Above expectatiion	% At or Above expectation
Mathematics		
Grade 3	55.3	55.1
Grade 4	51.4	51.0
Grade 5	74.4	46.8
Grade 6	48.5	40.6
Grade 7	38.6	42.1
Grade 8	29.3	29.3
Alg I	32.1	43.3
Alg II	29.3	56.3
Geometry	9.3	32.2
	% At or Above expectatiion	% At or Above expectation
Language		
Grade 3	59.1	50.2
Grade 4	69.3	57.4
Grade 5	69.8	57.9
Grade 6	73.7	56.1
Grade 7	52.3	62.8
Grade 8	52.0	62.9
Grade 9	48.5	55.9
Grade 10	49.5	58.9

** Note this is raw data, and that exempt students and students with disabilities have not yet been extrapolated. More grade 11 students are now "test optional" in 18-19. This will impact ELA and math score reporting.

Due to Covid-19, there were no NJSLA tests administered in the 19-20 or 20-21 school year. These results are from 18-19.

B. The district continues to implement a community service project each year. Excerpts of the associated board policy are as follows:

The purpose of the community service program is to provide all high school students the opportunity to have a positive impact on our local community while learning that service to others is an on-going part of life. It is the intent of the Board to develop, encourage and promote partnerships with city agencies, community-based organizations and not-for-profit service entities in order to provide appropriate service opportunities for high school students.

As of now each Graduating class must complete 40 hours of service. Community service hours must be completed at a non-profit organization, church, or other civic organization. This requirement has been suspended for the school years of 19-20 and 20-21 due to the pandemic.

C. S.A.T. - The district has been focusing on the SAT scores. With the change to the format and testing of the SAT the district will provide evening sessions for Juniors and Seniors to tutor them on the changes in the SAT. In addition, the PSAT has been purchased for every grade 10 and 11 student in the district in the hopes that every student will take this exam. The results will be shared with language arts and math teachers so that they can infuse this instruction into their curriculum to assist our students with college and career readiness.

D. New Jersey Student Learning Standards (NJSLs) - These standards were previously known as the Common Core Curriculum Standards. Our courses of study in math, science, language arts and visual & performing arts were all revised in accordance with the deadlines issued by the NJDOE. The district's "mapping" updates occur on a yearly basis, and ensure alignment with the most current standards. The scope and sequence of instruction is being correlated to the PARCC assessment. The maps were revised for 21-22 based on an analysis of each area during the 2019-20 school year. The district has a director who assists the superintendent in analyzing and revising the curriculum. The curriculum will continue to be

reviewed annually regarding the NJSLs and NJSLA, and revised accordingly. Most curriculum is up for renewal in the 22-23 school year.

E. Facilities - We continue to pursue a major initiative to relieve the pressure of enrollment growth at the grade 7-12 level. The district completed its seventh year renting the former Most Sacred Heart of Jesus School. All PK-2 students who previously were housed in the Jefferson School and adjacent modular units (4) have been moved to the Jefferson Annex School. This has allowed the district to house those students in one building as opposed to 3 structures on the same campus. However, we are already at capacity in that new structure and serious consideration must be made on the construction of a new facility as our projections tell us that we will grow by another 100+ students in the next several years. Conversation has begun with the governing body for a more permanent solution that would include new construction or additions to current facilities.

All students in our district have 1:1 capability, with students in grades 5-12 taking chromebooks home each day. Our bandwidth was upgraded to allow for faster access with full multimedia capabilities, and Wifi has been added to all schools, (www.wboe.org) is updated continuously with our School Wires website and will be maintained by the Technology Coordinator along with staff members in training. The website focuses on increased parental access. We now have a fully functioning parent portal which allows parents to see their child's progress, and become our partners in educating their children.

Several other facility matters are in various stages of development. They are in the Long-Range Facilities Plan submitted to the Department of Education by Architect's Alliance. Most recently there were three major upgrades to facilities: 1- All new WHS Parking Lot and ADA accessibility, 2- All new FWG Parking Lot, retaining wall, and ADA accessibility, 3- New heating and electrical system at the FW Gavlak School.

F. Staffing - 7-12 enrollment continues to be higher on average than the other two schools, as our larger elementary population has now moved on to the upper grades. In addition several special education aides have been added to our staff in the past. This will be monitored closely for necessary adjustments. Our special needs population has also increased both in and out of district.

We will continue to monitor our enrollment increases to adjust staffing where necessary.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are

included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2021.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. The accounting system utilized software was purchased from Edumet.

7. **DEBT ADMINISTRATION:** At June 30, 2021, the District's outstanding debt issue was \$2,817,000 in bonds.

8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". 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 their Act.

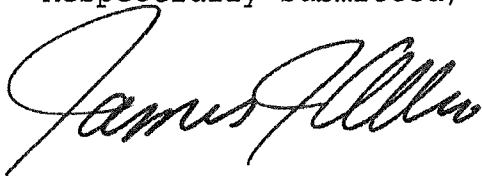
9. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. **OTHER INFORMATION:**

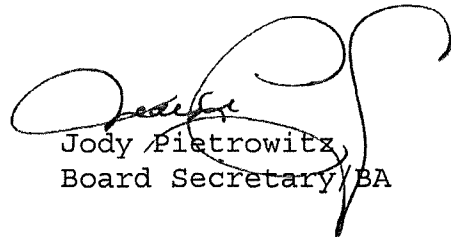
A. **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins LLP CPA, RMA has been appointed by the Board for our annual audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U.S. Uniform Guidance and State Treasury OMB Circular Letter 15-08. The auditor's report on the financial statements and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Wallington School Board 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,

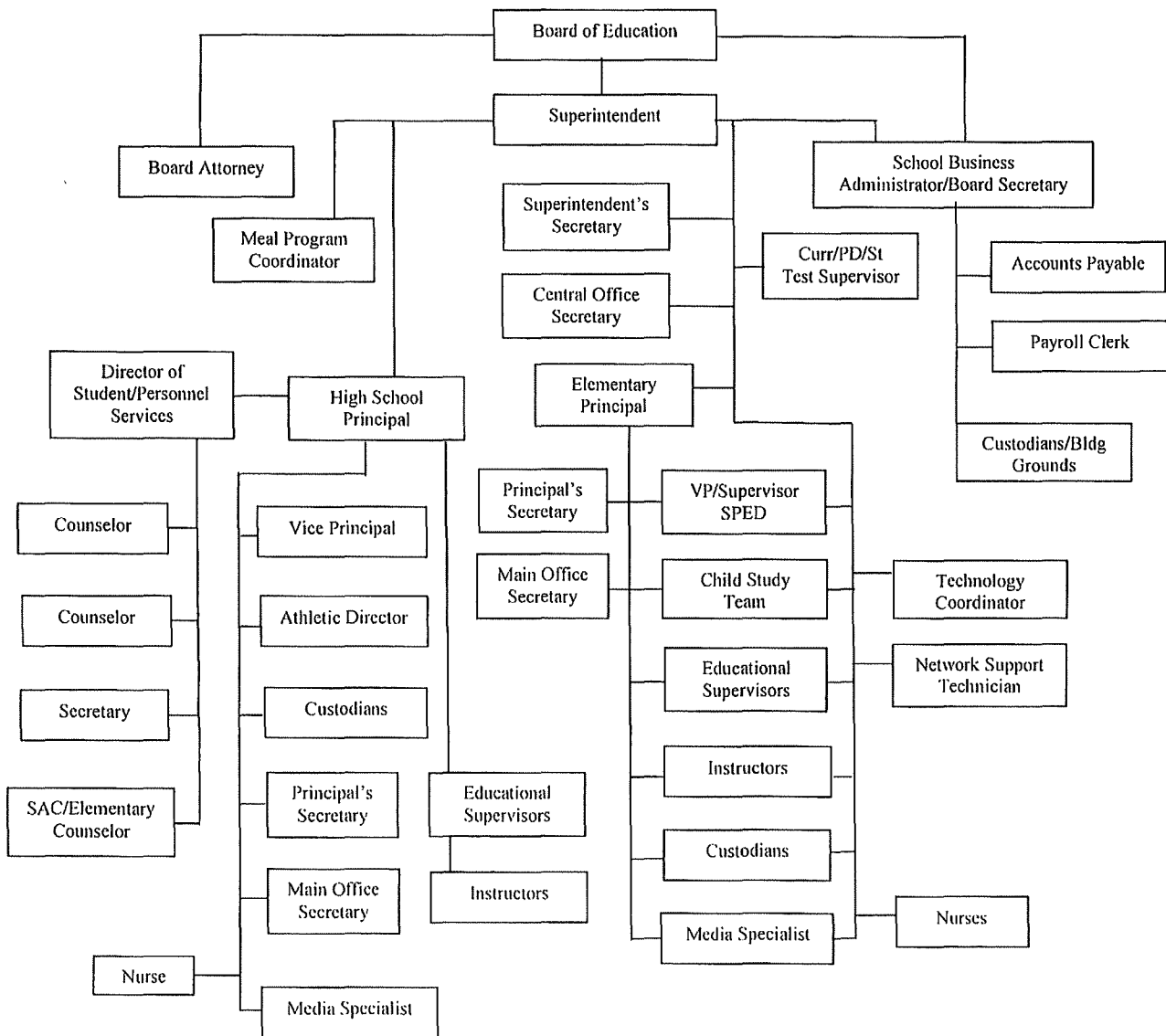


Mr. James Albro
Superintendent of Schools



Jody Pietrowitz
Board Secretary/BA

1110 ORGANIZATIONAL CHART



**WALLINGTON BOARD OF EDUCATION
WALLINGTON, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Nancy Ann Maciag, President	2023
Thomas Brynczka, Vice President	2023
Bobby Ristovski	2021
Theadora Calabrese	2021
Tim Hlavenka	2021
Joseph C. Smith	2023
John Sobczyk	2022
Tracey Kassteen	2022
Michael Labriola	2022

Other Officials

James Albro, Superintendent

Joseph Brunacki III, Board Secretary/School Business Administrator

Richard E. Cedzidlo, Esq., Solicitor

WALLINGTON BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

Lerch, Vinci & Higgins, LLP
Certified Public Accountants
Registered Municipal Accountants
17-17 Route 208 North
Fair Lawn, New Jersey 07410

Architect

Architects Alliance
111 Mulberry Street
Newark, NJ 07102

Attorney

Richard E. Cedzidlo
177 Paterson Avenue
Wallington, NJ 07057

Official Depository

TD Bank
71 Union Avenue
East Rutherford, NJ 07073

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Wallington Board of Education
Wallington, 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 the Wallington Board of Education as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2021, the Wallington Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities which provided guidance on identifying fiduciary activities and how they should be reported. The adoption of this standard resulted in a change to how previously reported fiduciary fund activities are currently reported in the financial statements. 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 information, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wallington Board of Education's basic financial statements. The introductory section and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Wallington Board of Education.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 14, 2022 on our consideration of the Wallington Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wallington Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Wallington Board of Education's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
March 14, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The discussion and analysis of the Wallington Board of Education's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2020-2021) and the prior year (2019-2020) is required to be presented in the MD&A.

Financial Highlights

- In total, net position increased \$1,505,460.
- General revenues accounted for \$21,267,022 in revenue or 70 percent of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions accounted for \$9,203,351 or 30 percent of total revenues of \$30,470,373.
- Total net position of governmental activities amounted to \$7,388,506 as of June 30, 2021.
- The District had \$28,850,582 in expenses related to governmental activities; only \$9,093,902 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$21,267,022 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$26,329,601 in revenues and \$25,034,086 in expenditures. The General Fund's fund balance increased \$1,295,515 from 2020.

Using the Comprehensive Annual Financial report (CAFR)

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

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Using the Comprehensive Annual Financial Report (CAFR) (Continued)

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the 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. The fund financial statements also look at the district's most significant funds. In the case of the Wallington Board of Education, the General Fund is by far the most significant fund.

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2021?" The *Statement of Net Position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is 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 District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The cause of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the District is divided into two distinct kinds of activities:

- Governmental Activities – most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods and services provided. The District's food service program is reported as a business-type activity.

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General, Special Revenue and Debt Service Funds and are considered major funds. The District's Food Service Fund is its only Enterprise Fund and is considered a nonmajor fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end available for spending in the future years. These funds are reported using the *modified accrual accounting method*, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader 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.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the District as a whole.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

The District as a Whole

The *Statement of Net Position* provides the perspectives of the District as a whole, showing assets, deferred outflows of resources, liabilities, deferred inflows of resources and the difference between them (net position). Net position may serve over time as a useful indicator of a government's financial position.

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The District as a Whole (Continued)

Table 1 provides a summary of the District's net position as of June 30, 2021 and 2020.

Table 1
Net Position

	<u>2021</u>	<u>2020</u>
Assets		
Current and Other Assets	\$ 5,364,903	\$ 4,332,369
Capital Assets, net of accumulated depreciation	<u>9,673,887</u>	<u>9,945,281</u>
Total Assets	<u>15,038,790</u>	<u>14,277,650</u>
Deferred Outflows of Resources		
Deferred Amounts on Debt Refunding	8,396	12,583
Deferred Amounts on Net Pension Liability	<u>294,677</u>	<u>372,531</u>
Total Deferred Outflows of Resources	<u>303,073</u>	<u>385,114</u>
Liabilities		
Long-term Liabilities	6,152,362	6,729,397
Other Liabilities	<u>475,433</u>	<u>734,710</u>
Total Liabilities	<u>6,627,795</u>	<u>7,464,107</u>
Deferred Inflows of Resources		
Deferred Amounts on Net Pension Liability	<u>1,286,291</u>	<u>1,276,340</u>
Total Deferred Inflows of Resources	<u>1,286,291</u>	<u>1,276,340</u>
Net Position		
Net Investment in Capital Assets	6,824,355	6,719,519
Restricted	405,721	419,981
Unrestricted	<u>197,701</u>	<u>(1,217,183)</u>
Total Net Position	<u>\$ 7,427,777</u>	<u>\$ 5,922,317</u>

The District's combined net position was \$7,427,777 and \$5,922,317 on June 30, 2021 and 2020, respectively. This reflects an increase of 25 percent from the prior year.

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Table 2 shows changes in net position for fiscal years ended June 30, 2021 and 2020.

Table 2
Changes in Net Position

	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues:		
Charge for Services	\$ 101,667	\$ 197,379
Grants and Contributions	9,101,684	6,413,140
General Revenues:		
Property Taxes	17,066,200	16,467,941
State Aid	3,779,208	3,624,760
Other	421,614	132,395
Total Revenues	<u>30,470,373</u>	<u>26,835,615</u>
 Program Expenses		
Instruction	19,208,022	17,594,400
Support Services:		
Students and Instructional Staff	3,458,920	2,946,316
General Administration, School Administration, Business/Central Operations and Maintenance of Facilities	5,537,000	4,855,342
Pupil Transportation	564,185	727,500
Interest on Debt	82,455	90,581
Food Service	114,331	110,099
Total Expenses	<u>28,964,913</u>	<u>26,324,238</u>
 Change in Net Position	1,505,460	511,377
 Net Position, Beginning of Year	5,922,317	5,140,021
 Prior Period Adjustment	<u>-</u>	<u>270,919</u>
 Net Position, End of Year	<u>\$ 7,427,777</u>	<u>\$ 5,922,317</u>

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Governmental Activities

In New Jersey the funding of public schools is primarily through property taxes. The District's total revenues of governmental activities were \$30,360,924 and \$26,727,951 for the years ended June 30, 2021 and 2020, respectively. Property taxes made up 56 and 62 percent of revenues for governmental activities for the Wallington Board of Education for fiscal years 2021 and 2020, respectively. Federal, state and local grants accounted for 42 and 37 percent of revenue for fiscal years ended June 30, 2021 and 2020, respectively.

The total cost of all programs and services was \$28,850,582 and \$26,214,139 for the fiscal years ended June 30, 2021 and 2020, respectively. Instruction comprised 67 and 67 percent of governmental program expenses for the fiscal years ended June 30, 2021 and 2020, respectively. Support service expenses make up 33 and 33 percent of governmental expenses for the fiscal years ended June 30, 2021 and 2020, respectively. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, 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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Instruction	\$ 19,208,022	\$ 17,594,400	\$ 12,063,667	\$ 12,385,129
Support Services:				
Students and Instructional Staff	3,458,920	2,946,316	2,616,032	2,458,344
General Administration, School Admin., Business-Central, Operation and Maintenance of Facilities	5,537,000	4,855,342	4,595,932	4,215,195
Pupil Transportation	564,185	727,500	398,594	562,035
Interest on Debt	<u>82,455</u>	<u>90,581</u>	<u>82,455</u>	<u>90,581</u>
 Total Expenses	 <u>\$ 28,850,582</u>	 <u>\$ 26,214,139</u>	 <u>\$ 19,756,680</u>	 <u>\$ 19,711,284</u>

Business-Type Activities

The only business-type activity is the food service operation. The program had revenues of \$109,449 and expenses of \$114,331 in fiscal year 2021. Of the revenues, \$-0- were charges for services paid by patrons for daily food service due to the pandemic, \$109,449 was from State and Federal reimbursements.

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$27,923,141 and \$25,724,865 and expenditures were \$26,629,895 and \$25,467,196, for the fiscal years ended June 30, 2021 and 2020, respectively. The net change in the fund balance for the fiscal year ended June 30, 2021 was an increase of \$1,293,246.

The following schedules present a comparison of the revenues of the governmental funds for the fiscal years ending June 30, 2021 and 2020.

<u>Revenues</u>	<u>Amount</u>		<u>Percent</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Local Sources	\$ 17,623,343	\$ 16,778,159	63%	65%
State Sources	9,197,138	8,341,033	33%	33%
Federal Sources	<u>1,102,660</u>	<u>605,673</u>	<u>4%</u>	<u>2%</u>
 Total	 <u>\$ 27,923,141</u>	 <u>\$ 25,724,865</u>	 <u>100%</u>	 <u>100%</u>

The following schedule represents a comparison of the governmental funds expenditures for the fiscal years ending June 30, 2021 and 2020.

<u>Expenditures</u>	<u>Amount</u>		<u>Percent</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current:				
Instruction	\$ 17,413,003	\$ 16,842,128	65%	66%
Support Services	8,156,598	7,633,956	31%	30%
Capital Outlay	599,446	534,215	2%	2%
Debt Service:				
Principal	360,000	345,000	1%	1%
Interest	<u>100,848</u>	<u>111,897</u>	<u>0%</u>	<u>0%</u>
 Total	 <u>\$ 26,629,895</u>	 <u>\$ 25,467,196</u>	 <u>100%</u>	 <u>100%</u>

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

General Fund Budgeting Highlights

The 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 budget fund is the General Fund.

During the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over-expenditures in specific line item accounts.

Capital Assets

At the end of fiscal years 2021 and 2020, the District had \$9,673,887 and \$9,945,281 invested in land, buildings, furniture, equipment and vehicles used for governmental and business-type activities. Overall capital assets decreased \$271,394 from fiscal year 2020 to fiscal year 2021 as a result of depreciation expense exceeding capital outlay additions. Table 4 shows capital assets net of depreciation at June 30, 2021 and 2020 for governmental and business-type activities.

Table 4
Capital Assets, Net of Depreciation

	<u>2021</u>	<u>2020</u>
Land	\$ 21,354	\$ 21,354
Construction in Progress		534,215
Land Improvements	1,624,330	1,198,997
Buildings and Building Improvements	7,774,334	8,065,748
Machinery and Equipment	<u>253,869</u>	<u>124,967</u>
 Total	 <u>\$ 9,673,887</u>	 <u>\$ 9,945,281</u>

Long-Term Liabilities

At June 30, 2021 and 2020 the District \$6,152,362 and \$6,729,397 of long-term liabilities, respectively. Of this amount, \$430,314 and \$375,745 is for compensated absences, \$2,857,928 and \$3,238,345 for bonds payable, including unamortized bond premium, \$2,864,120 and \$3,115,307 for net pension liability, respectively.

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

For the Future

The Wallington Board of Education is in stable financial condition presently. The District is proud of its community support of the public schools. A major concern is the potential enrollment growth of the district and the increased reliance on property taxes as well as State laws restricting fund balances/net assets.

In conclusion, the District has committed itself to continue its system of financial planning, budgeting and internal financial controls to meet the challenge of the future.

Contacting the District's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Jody Pietrowitz, School Business Administrator/Board Secretary at Wallington Board of Education, Jefferson School – Pine Street, Wallington, NJ 07057.

FINANCIAL STATEMENTS

WALLINGTON BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 5,162,595	\$ 21,167	\$ 5,183,762
Receivables, net			
Receivables from Other Governments	142,319	18,104	160,423
Other	20,718		20,718
Capital Assets			
Not Being Depreciated	21,354		21,354
Being Depreciated, net	<u>9,652,533</u>	<u>-</u>	<u>9,652,533</u>
Total Assets	<u>14,999,519</u>	<u>39,271</u>	<u>15,038,790</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Debt Refunding	8,396		8,396
Deferred Amounts on Net Pension Liability	<u>294,677</u>	<u>-</u>	<u>294,677</u>
Total Deferred Outflows of Resources	<u>303,073</u>	<u>-</u>	<u>303,073</u>
Total Assets and Deferred Outflows of Resources	<u>15,302,592</u>	<u>39,271</u>	<u>15,341,863</u>
LIABILITIES			
Accounts Payable and Other Liabilities	382,647		382,647
Due to State Government	57,409		57,409
Unearned Revenue	10,228		10,228
Accrued Interest Payable	25,149		25,149
Noncurrent Liabilities			
Due within one year	370,000		370,000
Due beyond one year	<u>5,782,362</u>	<u>-</u>	<u>5,782,362</u>
Total Liabilities	<u>6,627,795</u>	<u>-</u>	<u>6,627,795</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>1,286,291</u>	<u>-</u>	<u>1,286,291</u>
Total Deferred Inflows of Resources	<u>1,286,291</u>	<u>-</u>	<u>1,286,291</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,914,086</u>	<u>-</u>	<u>7,914,086</u>
NET POSITION			
Net Investment in Capital Assets	6,824,355	-	6,824,355
Restricted for			
Capital Projects	149,198		149,198
Debt Service	3		3
Unemployment Compensation	106,168		106,168
Student Activities	122,166		122,166
Scholarships	28,186		28,186
Unrestricted	<u>158,430</u>	<u>39,271</u>	<u>197,701</u>
Total Net Position	<u>\$ 7,388,506</u>	<u>\$ 39,271</u>	<u>\$ 7,427,777</u>

**WALLINGTON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 10,667,546		\$ 3,576,272		\$ (7,091,274)		\$ (7,091,274)
Special Education	6,060,932	\$ 32,104	2,557,987		(3,470,841)		(3,470,841)
Other Instruction	1,372,693		627,449		(745,244)		(745,244)
School Sponsored Activities and Athletics	1,106,851	69,563	280,980		(756,308)		(756,308)
Support Services							
Student & Instruction Related Services	3,458,920		842,888		(2,616,032)		(2,616,032)
General Administration Services	663,932		137,955		(525,977)		(525,977)
School Administration Services	1,018,762		283,636		(735,126)		(735,126)
Plant Operations and Maintenance	2,973,696		304,250		(2,669,446)		(2,669,446)
Pupil Transportation	564,185		165,591		(398,594)		(398,594)
Central Services	880,610		215,227		(665,383)		(665,383)
Interest on Long-Term Debt	82,455	-	-	-	(82,455)	-	(82,455)
Total Governmental Activities	<u>28,850,582</u>	<u>101,667</u>	<u>8,992,235</u>	<u>-</u>	<u>(19,756,680)</u>	<u>-</u>	<u>(19,756,680)</u>
Business-Type Activities							
Food Service	114,331	-	109,449	-	-	\$ (4,882)	(4,882)
Total Business-Type Activities	<u>114,331</u>	<u>-</u>	<u>109,449</u>	<u>-</u>	<u>-</u>	<u>(4,882)</u>	<u>(4,882)</u>
Total Primary Government	<u>\$ 28,964,913</u>	<u>\$ 101,667</u>	<u>\$ 9,101,684</u>	<u>\$ -</u>	<u>(19,756,680)</u>	<u>(4,882)</u>	<u>(19,761,562)</u>
General Revenues							
Property Taxes:							
Levied for General Purposes					16,605,353		16,605,353
Levied for Debt Service					460,847		460,847
State Aid - Unrestricted					3,779,208		3,779,208
Interest Earnings					5,750		5,750
Miscellaneous Income					415,864		415,864
Total General Revenues					<u>21,267,022</u>	<u>-</u>	<u>21,267,022</u>
Change in Net Position					1,510,342	(4,882)	1,505,460
Net Position, Beginning of Year, Restated					<u>5,878,164</u>	<u>44,153</u>	<u>5,922,317</u>
Net Position, End of Year					<u>\$ 7,388,506</u>	<u>\$ 39,271</u>	<u>\$ 7,427,777</u>

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

FUND FINANCIAL STATEMENTS

**WALLINGTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 4,969,798	\$ 192,794	\$ 3	\$ 5,162,595
Receivables, Net				
Receivables from Other Governments	62,708	79,611		142,319
Other	<u>20,718</u>	<u>-</u>	<u>-</u>	<u>20,718</u>
Total Assets	<u>\$ 5,053,224</u>	<u>\$ 272,405</u>	<u>\$ 3</u>	<u>\$ 5,325,632</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 239,175	\$ 81,799		\$ 320,974
Scholarships Payable		30,026		30,026
Payroll Deductions and Withholdings Payable	31,647			31,647
Intergovernmental Accounts Payable - State	57,409			57,409
Unearned Revenue	<u>-</u>	<u>10,228</u>	<u>-</u>	<u>10,228</u>
Total Liabilities	<u>328,231</u>	<u>122,053</u>	<u>-</u>	<u>450,284</u>
Fund Balances				
Restricted				
Excess Surplus	1,747,807			1,747,807
Excess Surplus, Designated for Subsequent Year's Expenditures	1,695,023			1,695,023
Capital Reserve	149,198			149,198
Student Activities		122,166		122,166
Scholarships		28,186		28,186
Unemployment Compensation	106,168			106,168
Debt Service			\$ 3	3
Committed				
Encumbrances	578,069			578,069
Assigned				
Encumbrances	311,698			311,698
Designated for Subsequent Year's Expenditures	14,482			14,482
FFCRA/SEMI	5,720			5,720
Unassigned	<u>116,828</u>	<u>-</u>	<u>-</u>	<u>116,828</u>
Total Fund Balances	<u>4,724,993</u>	<u>150,352</u>	<u>3</u>	<u>4,875,348</u>
Total Liabilities and Fund Balances	<u>\$ 5,053,224</u>	<u>\$ 272,405</u>	<u>\$ 3</u>	<u>\$ 5,325,632</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**WALLINGTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2021**

Total Fund Balances Governmental Funds(Exhibit B-1) \$ 4,875,348

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$19,658,169 and the accumulated depreciation is \$9,984,282. 9,673,887

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 8,396

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 294,677	
Deferred Inflows of Resources	<u>(1,286,291)</u>	(991,614)

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (25,149)

Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Bonds Payable, (Including Unamortized Premium)	(2,857,928)	
Compensated Absences Payable	(430,314)	
Net Pension Liability	<u>(2,864,120)</u>	<u>(6,152,362)</u>

Net position of governmental activities (Exhibit A-1) \$ 7,388,506

**WALLINGTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 16,605,353		\$ 460,847	\$ 17,066,200
Tuition from Other LEA's Within the State	32,104			32,104
Interest Earned on Capital Reserve	140			140
Miscellaneous	421,474	\$ 103,425	-	524,899
Total - Local Sources	17,059,071	103,425	460,847	17,623,343
State Sources	9,197,138			9,197,138
Federal Sources	73,392	1,029,268	-	1,102,660
Total Revenues	26,329,601	1,132,693	460,847	27,923,141
EXPENDITURES				
Current				
Instruction				
Regular Instruction	8,962,878	453,386		9,416,264
Special Education Instruction	5,485,046	282,235		5,767,281
Other Instruction	972,339	258,243		1,230,582
School-Sponsored Activities and Athletics	925,125	73,751		998,876
Support Services				
Student & Instruction Related Services	3,079,179	30,026		3,109,205
General Administration Services	609,160			609,160
School Administration Services	901,471			901,471
Plant Operations and Maintenance	2,177,500			2,177,500
Pupil Transportation	564,185			564,185
Central Services	795,077			795,077
Debt Service				
Principal			360,000	360,000
Interest and Other Charges			100,848	100,848
Capital Outlay	562,126	37,320	-	599,446
Total Expenditures	25,034,086	1,134,961	460,848	26,629,895
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,295,515	(2,268)	(1)	1,293,246
Net Change in Fund Balances	1,295,515	(2,268)	(1)	1,293,246
Fund Balance, Beginning of Year, Restated	3,429,478	152,620	4	3,582,102
Fund Balance, End of Year	\$ 4,724,993	\$ 150,352	\$ 3	\$ 4,875,348

**WALLINGTON BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,293,246

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of activities and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation expense exceeds capital outlay expenditures in the current period.

Capital Outlay	\$ 599,446	
Depreciation Expense	<u>(869,556)</u>	(270,110)

In the statement of activities, compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Compensated Absences	(54,569)	
Decrease in Pension Expense	<u>163,382</u>	108,813

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Repayments		
Bonds Payable		360,000

Governmental Funds report the effect of issuance costs, premiums and deferred amounts on refundings pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Premium	20,417	
Amortization of Deferred Amount on Refunding	<u>(4,187)</u>	16,230

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>2,163</u>
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Change in net position of governmental activities (Exhibit A-2) \$ 1,510,342

**WALLINGTON BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2021**

	Business-Type Activities Enterprise Fund <u>Non-Major</u>
ASSETS	
Current Assets	
Cash	\$ 21,167
Intergovernmental Receivable	
State	1,136
Federal	<u>16,968</u>
Total Current Assets	<u>39,271</u>
Capital Assets	
Equipment	57,224
Less: Accumulated Depreciation	<u>(57,224)</u>
Total Capital Assets	<u>-</u>
Total Assets	<u>39,271</u>
NET POSITION	
Investment in Capital Assets	-
Unrestricted	<u>39,271</u>
Total Net Position	<u>\$ 39,271</u>

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

**WALLINGTON BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Business-Type Activities Enterprise Fund <u>Non-Major</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ <u> -</u>
Total Operating Revenues	<u> -</u>
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	113,047
Depreciation Expense	<u> 1,284</u>
Total Operating Expenses	<u> 114,331</u>
Operating Loss	<u> (114,331)</u>
NONOPERATING REVENUES	
State Sources	
School Lunch Program	5,470
Federal Sources	
National School Lunch Program	84,971
National School PB Lunch Program	1,685
National School Breakfast Program	<u> 17,323</u>
Total Nonoperating Revenues	<u> 109,449</u>
Change in Net Position	(4,882)
Total Net Position, Beginning of Year	<u> 44,153</u>
Total Net Position, End of Year	<u><u> \$ 39,271</u></u>

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

**WALLINGTON BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Business-Type Activities Enterprise Fund <u>Non-Major</u>
Cash Flows from Operating Activities	
Cash Payments to Suppliers for Goods and Services	\$ (113,047)
Net Cash Used by Operating Activities	<u>(113,047)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>92,927</u>
Net Cash Provided by Noncapital Financing Activities	<u>92,927</u>
Net Decrease in Cash	(20,120)
Cash, Beginning of Year	<u>41,287</u>
Cash, End of Year	<u>\$ 21,167</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ (114,331)
Adjustments	
Depreciation	<u>1,284</u>
Net Cash Used by Operating Activities	<u>\$ (113,047)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Wallington Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade twelve (12) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Wallington Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2021, the District adopted the following GASB statement:

- GASB No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

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

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements. Currently the District has no fiduciary funds.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental funds to be major funds. The District considers its enterprise fund to be a nonmajor fund.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs, student activity funds derived from athletic events or other activities of pupil organizations and private donations for scholarship awards.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as “internal balances”.

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year’s presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-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. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are 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 when susceptible to accrual (i.e. when 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 Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, unrestricted state aid, 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. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	50
Building Improvements	20-40
Heavy Equipment	5
Office Equipment and Furniture	5
Computer Equipment	5

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the difference on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item which arises only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. *Pensions*

In the district-wide financial statements and proprietary fund types in the fund financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are classified as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium.

9. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2021 audited excess surplus that is required to be appropriated in the 2022/2023 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that was appropriated in the 2021/2022 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2B).

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

Scholarship Awards – This restriction was created to represent the accumulation of donor restricted funds specifically earmarked for student scholarship awards.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Unemployment Compensation – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District’s election for payment in lieu of contributions (benefit reimbursement method). (See Note 4).

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee’s for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Designated for Subsequent Year’s Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2021/2022 District budget certified for taxes.

FFCRA/SEMI - Represents fund balance assigned specifically for the Family First Coronavirus Response Act in the General Fund that was not appropriated in the 2020/2021 school year. These funds are available for appropriation in subsequent year’s budgets.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and debt service fund, it is the District’s policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods 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, unrestricted state aid, investment earnings and miscellaneous revenues.

2. Property Taxes

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. Tuition Revenues and Expenditures

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2019-2020 and 2020-2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 23, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2020/2021. Also, during 2020/2021 the Board increased the original budget by \$1,175,574. The General Fund increase was funded by additional state aid appropriated and the reappropriation of prior year encumbrances. The Special Revenue Fund increase was funded by additional grant awards and student activity and scholarship transactions.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Capital Reserve

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

Funds placed in the capital reserve are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020	\$ 149,058
Increased by	
Interest Earnings	<u>140</u>
Balance, June 30, 2021	<u>\$ 149,198</u>

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2021 is \$3,442,830. Of this amount, \$1,695,023 was designated and appropriated in the 2021/2022 original budget certified for taxes and the remaining amount of \$1,747,807 will be appropriated in the 2022/2023 original budget certified for taxes.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2021, the book value of the Board's deposits were \$5,183,762 and bank and brokerage firm balances of the Board's deposits amounted to \$5,539,403. The Board's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account

Insured	\$ <u>5,539,403</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2021 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2021, the Board had no outstanding investments.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board's investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2021 for the district’s individual major funds and nonmajor fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise Nonmajor</u>	<u>Total</u>
Receivables:				
Intergovernmental -				
Federal		\$ 79,611	\$ 16,968	\$ 96,579
State	\$ 62,708		1,136	63,844
Other	<u>20,718</u>	<u>-</u>	<u>-</u>	<u>20,718</u>
Gross Receivables	83,426	79,611	18,104	181,141
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 83,426</u>	<u>\$ 79,611</u>	<u>\$ 18,104</u>	<u>\$ 181,141</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 10,228
Total Unearned Revenue for Governmental Funds	<u>\$ 10,228</u>

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, <u>July 1, 2020</u>	<u>Increases</u>	<u>Transfers</u>	Balance, <u>June 30, 2021</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 21,354			\$ 21,354
Construction In Progress	<u>534,215</u>	\$ -	\$ (534,215)	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>555,569</u>	<u>-</u>	<u>(534,215)</u>	<u>21,354</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	15,530,628	\$ 346,235		15,876,863
Land Improvements	2,107,380	24,428	534,215	2,666,023
Machinery and Equipment	<u>865,146</u>	<u>228,783</u>	<u>-</u>	<u>1,093,929</u>
Total Capital Assets Being Depreciated	<u>18,503,154</u>	<u>599,446</u>	<u>534,215</u>	<u>19,636,815</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(7,464,880)	(637,649)		(8,102,529)
Land Improvements	(908,383)	(133,310)		(1,041,693)
Machinery and Equipment	<u>(741,463)</u>	<u>(98,597)</u>	<u>-</u>	<u>(840,060)</u>
Total Accumulated Depreciation	<u>(9,114,726)</u>	<u>(869,556)</u>	<u>-</u>	<u>(9,984,282)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,388,428</u>	<u>(270,110)</u>	<u>534,215</u>	<u>9,652,533</u>
Government Activities Capital Assets, Net	<u>\$ 9,943,997</u>	<u>\$ (270,110)</u>	<u>\$ -</u>	<u>\$ 9,673,887</u>

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2020	Increases	Decreases	Balance, June 30, 2021
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 57,224	-	-	\$ 57,224
Total Capital Assets Being Depreciated	<u>57,224</u>	<u>-</u>	<u>-</u>	<u>57,224</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(55,940)	\$ (1,284)	-	(57,224)
Total Accumulated Depreciation	<u>(55,940)</u>	<u>(1,284)</u>	<u>-</u>	<u>(57,224)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,284</u>	<u>(1,284)</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,284</u>	<u>\$ (1,284)</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction		
Regular		\$ 62,454
Special Education		<u>445</u>
Total Instruction		<u>62,899</u>
Support Services		
Student & Instruction Related Services		26,476
General Administrative Services		560
School Administrative Services		5,958
Plant Operations and Maintenance		<u>773,663</u>
Total Support Services		<u>806,657</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 869,556</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 1,284</u>
Total Depreciation Expense - Business-Type Activities		<u>\$ 1,284</u>

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2020:

<u>Purpose</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Gavlak School Boiler Replacement		\$ 400,000
		<u>\$ 400,000</u>

E. Leases

Operating Leases

The District leases the former Most Sacred Heart of Jesus School Building to use for elementary school grades Kindergarten through 6th grade under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2021 were \$281,298. The future minimum lease payments for these operating leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 286,924
2023	<u>295,532</u>
Total	<u>\$ 582,456</u>

The District leases copiers and printers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2021 were \$23,724. The future minimum lease payments for these operating leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 23,724
2023	23,724
2024	<u>3,954</u>
Total	<u>\$ 51,402</u>

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets and other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2021 are comprised of the following issues:

\$2,617,000, 2014 School Bonds, due in annual installments of \$145,000 to \$260,000 through August 15, 2029, interest at 2.00% to 3.00	\$1,927,000
\$2,060,000, 2015 School Refunding Bonds, due in annual installments of \$220,000 to \$225,000 through May 15, 2025, interest at 4.00%	<u>890,000</u>
	<u>\$2,817,000</u>

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 370,000	\$ 89,348	\$ 459,348
2023	380,000	77,154	457,154
2024	385,000	63,935	448,935
2025	390,000	50,110	440,110
2026	260,000	34,860	294,860
2027-2030	<u>1,032,000</u>	<u>61,560</u>	<u>1,093,560</u>
	<u>\$ 2,817,000</u>	<u>\$ 376,967</u>	<u>\$ 3,193,967</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2021 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 46,013,062
Less: Net Debt Outstanding	<u>2,817,000</u>
Remaining Borrowing Power	<u>\$ 43,196,062</u>

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Balance, July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2021</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds Payable	\$ 3,177,000		\$ 360,000	\$ 2,817,000	\$ 370,000
Add: Unamortized Premium	61,345	-	20,417	40,928	-
Total Bonds Payable	3,238,345	-	380,417	2,857,928	370,000
Compensated Absences	375,745	\$ 54,569		430,314	
Net Pension Liability	3,115,307	-	251,187	2,864,120	-
Governmental activity Long-term liabilities	<u>\$ 6,729,397</u>	<u>\$ 54,569</u>	<u>\$ 631,604</u>	<u>\$ 6,152,362</u>	<u>\$ 370,000</u>

For the governmental activities, the liabilities for compensated absences and net pension liability are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the School Alliance Insurance Fund (SAIF or Fund). The Fund is a risk sharing public entity pool, established for the purpose of insuring against various risks.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

SAIF provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s restricted fund balance for unemployment compensation claims in the General Fund for the current and previous two years:

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2021	\$ 25,000	\$ 25,089	\$ 62,220	\$ 106,168
2020	30,000	24,967	37,236	118,299
2019	40,000	23,758	35,725	100,568

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2021, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all Board employees who are eligible for pension coverage:

Public Employees’ Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 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 reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 ten years of service credit and have not reached the service retirement age for the respective tier.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represent the membership tiers for TPAF:

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

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 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 reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32%. The collective net pension liability of the State funded TPAF at June 30, 2020 is \$66.0 billion and the plan fiduciary net position as a percentage of total pension liability is 24.60%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the July 1, 2018 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2021.

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2020 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than the actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2021, 2020 and 2019 were equal to the required contributions.

During the fiscal years ended June 30, 2021, 2020 and 2019 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2021	\$ 192,134	\$ 2,208,036	\$ 34,310
2020	168,176	1,666,225	11,049
2019	172,134	1,512,720	13,835

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$0, \$383 and \$325, respectively for PERS and the State contributed \$1,476, \$1,685 and \$1,841, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$639,080 during the fiscal year ended June 30, 2021 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) 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 allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("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 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 are presented for each group. The allocation percentages for each group as of June 30, 2020 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2020.

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$2,864,120 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2020. At June 30, 2020, the District's proportionate share was .01756 percent, which was an increase of .00027 percent from its proportionate share measured as of June 30, 2019 of .01729 percent.

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$28,752 for PERS. The pension contribution made by the District during the current 2020/2021 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 52,151	\$ 10,129
Changes of Assumptions	92,915	1,199,234
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	97,898	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>51,713</u>	<u>76,928</u>
Total	<u>\$ 294,677</u>	<u>\$ 1,286,291</u>

At June 30, 2021, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2022	\$ (393,860)
2023	(341,988)
2024	(176,767)
2025	(64,357)
2026	(14,642)
Thereafter	<u>-</u>
	<u>\$ (991,614)</u>

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries 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.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans 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 the PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	7.00%
2020	June 30, 2019	6.28%

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

There was no crossover period for the PERS defined benefit plan. 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 Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,605,449</u>	<u>\$ 2,864,120</u>	<u>\$ 2,235,082</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2020. A sensitivity analysis specific to the District's net pension liability at June 30, 2020 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF 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 non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2019 through June 30, 2020. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. 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. For the fiscal year ended June 30, 2020, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployee contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,055,850 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the net pension liability attributable to the District is \$49,141,865. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the District was .07463 percent, which was a decrease of .00071 percent from its proportionate share measured as of June 30, 2019 of .07534 percent.

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries 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.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers 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% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the TPAF’s target asset allocation as of June 30, 2020 are summarized in the following table:

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

WALLINGTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	5.40%
2020	June 30, 2019	5.60%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit

Payments for which the Following Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2062 and Thereafter

* The municipal bond return rate used is 2.21% as of the measurement date of June 30, 2020. 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.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.40%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 57,722,876</u>	<u>\$ 49,141,865</u>	<u>\$ 42,016,776</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2020. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2020 was not provided by the pension system.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2019:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but not yet Receiving Benefits	_____ -
Total	<u>366,108</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2020 is \$67.8 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2019 which were rolled forward to June 30, 2020.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.18 billion to the OPEB plan in fiscal year 2020.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2021, 2020 and 2019 were \$691,964, \$618,139 and \$686,167, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2019 through June 30, 2020. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,281,933. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the OPEB liability attributable to the District is \$45,984,309. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the District was .06781 percent, which was an increase of .00139 percent from its proportionate share measured as of June 30, 2019 of .06642 percent.

**WALLINGTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 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	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to .4.45%
Rate Thereafter	1.55% to 4.45%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020.

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 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%.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

Discount Rate

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	2.21%
2020	June 30, 2019	3.50%

The discount rate 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.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>27,717,369</u>
Changes Recognized for the Fiscal Year:	
Service Cost	1,249,266
Interest on the Total OPEB Liability	1,000,364
Differences Between Expected and Actual Experience	8,393,841
Changes of Assumptions	8,399,753
Gross Benefit Payments	(800,549)
Contributions from the Member	24,265
Net Changes	<u>\$ 18,266,940</u>
Balance, June 30, 2020 Measurement Date	\$ <u><u>45,984,309</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 % percent in 2019 to 2.21% percent in 2020.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2020.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 2.21%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 55,436,458	\$ 45,984,309	\$ 38,593,639

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 37,120,085	\$ 45,984,309	\$ 56,539,630

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 were not provided by the pension system.

F. Tax Abatements

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

For Wallington Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 JOINT VENTURE

On February 17, 2011, the Board entered into a shared services agreement with the Borough of Wallington for the purpose of installing synthetic turf at the Wallington High School athletic field. According to the terms of the agreement, the total cost of the project shall not exceed \$1,700,000. The Borough has adopted a bond ordinance appropriating \$1,700,000. Of this amount, the Board has made a payment of \$275,000 to the Borough for a down payment, with the remaining \$1,425,000 being authorized debt of the Borough. Also, according to the terms of the agreement, the Board shall be responsible for payment to the Borough of any principal and interest due on debt, upon such debt being issued by the Borough. The balance owed by the District at June 30, 2021 to the Borough for principal on the debt issued by the Borough is \$-0-.

NOTE 6 RESTATEMENT

On July 1, 2020, the Wallington Board of Education implemented GASB Statement No. 84 "Fiduciary Activities". The Wallington Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2020 are as follows:

Governmental Activities

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll related activities which were previously reported as fiduciary activities to governmental activities. The effect of this restatement is to increase net position of governmental activities by \$270,919 from \$5,607,245 as previously reported to \$5,878,164 as of June 30, 2020.

Governmental Funds

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll activities previously reported as fiduciary funds to governmental funds. The effect of this restatement is to increase fund balances of governmental funds by \$270,919 from \$3,311,183 as previously reported to \$3,582,102 as of June 30, 2020. General Fund fund balance increased \$118,299 from \$3,311,179 as previously reported to \$3,429,478 as of June 30, 2020. Special Revenue Fund fund balance increased \$152,620 from \$-0- as previously reported to \$152,620 as of June 30, 2020.

Fiduciary Funds

The financial statements of the fiduciary funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities to governmental funds as noted above. The effect of this restatement is to decrease total fiduciary net position by \$144,565 from \$144,565 as previously reported to \$-0- as of June 30, 2020.

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

Governor Phil Murphy (the “Governor”) of the State of New Jersey (the “State”) declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measure, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

Recently, the United States Congress has passed relief and stimulus legislations including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the School District. It is too early to predict if the legislation will have its intended affect.

The largest portion of the School District’s revenues is derived from local tax revenues levied by the Borough. In that regard, under applicable State statutes, the Borough annually is required to pay 100% of the amount levied for operations and debt service to the School District regardless of delinquencies in applicable property tax collections. The ability of the Borough to fully collect property taxes on a timely basis may be affected by the economic impact of the Pandemic; however, the District does not anticipate an interruption in the timely collection of property taxes from the Borough.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 16,605,353		\$ 16,605,353	\$ 16,605,353	
Tuition from Other LEA's Within the State	58,365		58,365	32,104	\$ (26,261)
Interest Earned on Capital Reserve	1		1	140	139
Unrestricted Miscellaneous Revenues	190,000	-	190,000	421,474	231,474
Total Local Sources	16,853,719	-	16,853,719	17,059,071	205,352
State Sources					
Extraordinary Aid	231,480		231,480	371,398	139,918
Categorical Special Education Aid	1,179,528		1,179,528	1,179,528	
Equalization Aid	4,094,076	\$ (292,323)	3,801,753	3,801,753	
Transportation Aid	166,028		166,028	166,028	
Security Aid	258,918		258,918	258,918	
On-Behalf TPAF - NCGI Premium (Non-Budget)				41,226	41,226
On-Behalf TPAF - Normal Cost (Non-Budget)				2,166,810	2,166,810
On-Behalf TPAF - Post-Retirement Medical (Non-Budget)				691,964	691,964
On-Behalf TPAF - Long-Term Disability Insurance (Non-Budget)				1,476	1,476
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	639,080	639,080
Total State Sources	5,930,030	(292,323)	5,637,707	9,318,181	3,680,474
Federal Sources					
Medicaid Reimbursement	36,910	-	36,910	73,392	36,482
Total Federal Sources	36,910	-	36,910	73,392	36,482
Total Revenues	22,820,659	(292,323)	22,528,336	26,450,644	3,922,308
EXPENDITURES					
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	386,660	-	386,660	385,660	1,000
Grades 1-5	1,591,460	57,365	1,648,825	1,633,251	15,574
Grades 6-8	996,599	(94,759)	901,840	891,364	10,476
Grades 9-12	1,693,725	113,299	1,807,024	1,806,769	255
Regular Programs - Home Instruction					
Salaries of Teachers	16,000	-	16,000		16,000
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	203,371	8,100	211,471	200,517	10,954
General Supplies	193,345	23,316	216,661	163,356	53,305
Textbooks	62,400	(6,716)	55,684	36,632	19,052
Total Regular Programs	5,143,560	100,605	5,244,165	5,117,549	126,616
Special Education - Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	517,670	(84,050)	433,620	429,938	3,682
Other Salaries for Instruction	459,000	(33,625)	425,375	351,503	73,872
General Supplies	18,000	1,901	19,901	12,659	7,242
Textbooks	6,000	1,292	7,292	3,623	3,669
Total Learning and/or Language Disabilities	1,000,670	(114,482)	886,188	797,723	88,465
Resource Room/Resource Center					
Salaries of Teachers	651,625	42,710	694,335	646,005	48,330
General Supplies	3,100	1,602	4,702	4,210	492
Textbooks	1,800	-	1,800	-	1,800
Total Resource Room/Resource Center	656,525	44,312	700,837	650,215	50,622
Total Special Education - Instruction	1,657,195	(70,170)	1,587,025	1,447,938	139,087

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial - Instruction					
Salaries of Teachers	\$ 271,825	\$ 11,250	\$ 283,075	\$ 281,475	\$ 1,600
Other Salaries for Instruction	15,000		15,000	15,000	
General Supplies	6,000	3,798	9,798	5,332	4,466
Total Basic Skills/Remedial - Instruction	292,825	15,048	307,873	301,807	6,066
Bilingual Education - Instruction					
Salaries of Teachers	267,566	-	267,566	267,141	425
Purchased Professional-Educational Services	1,500		1,500		1,500
General Supplies	500	-	500	441	59
Total Bilingual Education - Instruction	269,566	-	269,566	267,582	1,984
Vocational Programs - Local - Instruction					
Salaries	20,000	-	20,000		20,000
General Supplies	500	-	500	-	500
Total Vocational Programs - Local - Instruction	20,500	-	20,500	-	20,500
School Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	78,699	-	78,699	57,707	20,992
Purchased Services	35,172	225	35,397	15,186	20,211
Supplies and Materials	8,200	2,249	10,449	8,938	1,511
Other Objects	6,500	4,906	11,406	7,427	3,979
Total School Sponsored Co/Extra Curricular Activities - Instruction	128,571	7,380	135,951	89,258	46,693
School Sponsored Athletics - Instruction					
Salaries	399,168	-	399,168	375,989	23,179
Purchased Services	37,233	-	37,233	37,233	-
Supplies and Materials	48,650	2,609	51,259	45,157	6,102
Other Objects	31,127	891	32,018	21,594	10,424
Total School Sponsored Athletics - Instruction	516,178	3,500	519,678	479,973	39,705
Before/After School Programs - Support Svc					
Salaries	83,500	-	83,500	4,743	78,757
Supplies and Materials	8,000	-	8,000	155	7,845
Total Before/After School Program	91,500	-	91,500	4,898	86,602
Summer School - Instruction					
Salaries of Teachers	13,400	-	13,400	2,700	10,700
Total Summer School - Instruction	13,400	-	13,400	2,700	10,700
Other Instructional Programs - Instruction					
Salaries	18,300	-	18,300	10,405	7,895
Purchased Services	1,800	-	1,800		1,800
Supplies and Materials	700	-	700	700	-
Total Other Instructional Programs - Instruction	20,800	-	20,800	11,105	9,695
Total Instruction	8,154,095	56,363	8,210,458	7,722,810	487,648
Undistributed Expenditures- Instruction					
Tuition to Other LEAs - Within the State-Reg		10,000	10,000	2,519	7,481
Tuition to Other LEAs - Within the State-Special	3,214,962	(937,141)	2,277,821	1,952,059	325,762
Tuition to County Vocational School Districts-Reg.	406,350	(16,500)	389,850	306,712	83,138
Tuition to County Vocational School Districts-Special	171,550	-	171,550	141,991	29,559
Tuition to CSSD & Regional Day Schools	461,478	-	461,478	362,017	99,461
Tuition to Priv. Sch. - Disabled - Within State	663,093	144,280	807,373	708,498	98,875
Tuition - State Facilities	2,000	100	2,100	-	2,100
Total Undistributed Expenditures - Instruction	4,919,433	(799,261)	4,120,172	3,473,796	646,376

WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Attendance and Social Work					
Salaries	\$ 124,563	\$ 3,370	\$ 127,933	\$ 127,885	\$ 48
Other Purchased Services	150	-	150	150	150
Supplies and Materials	800	-	800	800	-
Total Attendance and Social Work	125,513	3,370	128,883	128,685	198
Health Services					
Salaries	203,395	-	203,395	198,493	4,902
Purchased Professional and Technical Services	35,500	-	35,500	33,063	2,437
Other Purchased Services	200	-	200	200	200
Supplies and Materials	6,400	108	6,508	4,643	1,865
Total Health Services	245,495	108	245,603	236,199	9,404
Speech, OT, PT and Related Services					
Salaries	155,270	(233)	155,037	154,429	608
Supplies and Materials	1,600	1,206	2,806	2,806	-
Total Speech, OT, PT and Related Services	156,870	973	157,843	157,235	608
Guidance					
Salaries of Other Professional Staff	262,547	55,500	318,047	317,947	100
Salaries of Secretarial and Clerical Assistants	47,210	-	47,210	47,210	-
Other Purchased Services	1,000	-	1,000	1,000	1,000
Supplies and Materials	33,550	8,900	42,450	33,847	8,603
Other Objects	10,500	10,063	20,563	17,044	3,519
Total Guidance	354,807	74,463	429,270	416,048	13,222
Child Study Teams					
Salaries of Other Professional Staff	156,330	55,115	211,445	207,439	4,006
Salaries of Secretarial and Clerical Assistants	52,056	-	52,056	51,956	100
Other Salaries	110,670	3,800	114,470	114,298	172
Purchased Professional-Educational Services	30,000	-	30,000	11,977	18,023
Other Purchased Services	2,000	-	2,000	2,000	2,000
Supplies and Materials	9,100	712	9,812	5,048	4,764
Other Objects	1,000	-	1,000	250	750
Total Child Study Teams	361,156	59,627	420,783	390,968	29,815
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	160,049	1	160,050	160,049	1
Salaries of Other Professional Staff	3,200	-	3,200	1,005	2,195
Salaries of Secretarial and Clerical Assistants	217,580	1,708	219,288	216,025	3,263
Other Purchased Services	1,700	31	1,731	97	1,634
Supplies and Materials	500	(1)	499	-	499
Total Improvement of Instructional Services	383,029	1,739	384,768	377,176	7,592
Educational Media Services/School Library					
Salaries	209,248	1,125	210,373	208,373	2,000
Other Purchased Services	600	-	600	600	600
Supplies and Materials	92,300	3,031	95,331	87,772	7,559
Total Educational Media Services/School Library	302,148	4,156	306,304	296,145	10,159
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	25,000	-	25,000	25,000	-
Other Purchased Services	3,000	-	3,000	-	3,000
Total Instructional Staff Training Services	28,000	-	28,000	25,000	3,000

WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services - General Administration					
Salaries	\$ 272,636	\$ -	\$ 272,636	\$ 272,636	\$ -
Legal Services	6,000	18,000	24,000	17,303	6,697
Audit Fees	30,000	3,000	33,000	26,521	6,479
Architectural/Engineering Services	1,000	5,590	6,590	5,680	910
Other Purchased Professional Services		1,000	1,000	1,000	-
Communications/Telephone	64,500	3,876	68,376	60,759	7,617
Miscellaneous Purchased Services	21,300	(5,876)	15,424	8,475	6,949
General Supplies	2,750	-	2,750	2,750	-
Miscellaneous Expenditures	17,500	-	17,500	17,500	-
Total Support Services General Administration	415,686	25,590	441,276	412,624	28,652
Support Services - School Administration					
Salaries of Principals/Asst. Principals/Prog. Director	403,565	-	403,565	403,565	-
Salaries of Other Professional Staff	104,958	-	104,958	104,958	-
Salaries of Secretarial and Clerical Assistants	45,710	-	45,710	45,710	-
Other Purchased Services	9,460	156	9,616	4,573	5,043
Supplies and Materials	8,000	900	8,900	7,074	1,826
Total Support Services School Administration	571,693	1,056	572,749	565,880	6,869
Central Services					
Salaries	368,790	(19,001)	349,789	343,436	6,353
Purchased Technical Services	8,000		8,000	7,190	810
Misc. Purchased Services	30,600	-	30,600	23,708	6,892
Supplies and Materials	7,800	1,411	9,211	7,784	1,427
Miscellaneous Expenditures	9,100	-	9,100	9,045	55
Total Central Services	424,290	(17,590)	406,700	391,163	15,537
Admin. Info. Tech.					
Salaries	129,562	1	129,563	129,562	1
Total Admin. Info. Tech	129,562	1	129,563	129,562	1
Required Maintenance For School Facilities					
Cleaning, Repair, and Maintenance Services	310,500	(134,831)	175,669	141,166	34,503
Lead Testing of Drinking Water	4,000	(4,000)			
General Supplies	55,500	6,800	62,300	42,414	19,886
Total Required Maintenance For School Facilities	370,000	(132,031)	237,969	183,580	54,389
Custodial Services					
Salaries	295,270	-	295,270	268,046	27,224
Purchased Professional and Technical Services	30,000	326,570	356,570	211,125	145,445
Cleaning, Repair, and Maintenance Services	470,380	241,815	712,195	419,267	292,928
Rental of Land and Buildings	350,500	5,715	356,215	349,375	6,840
Insurance	170,000	8,800	178,800	178,800	-
Miscellaneous Purchased Services	40,000	-	40,000	30,330	9,670
Energy (Electricity)	310,000	17,353	327,353	232,284	95,069
Other Objects	3,500	1,800	5,300	1,808	3,492
Total Custodial Services	1,669,650	602,053	2,271,703	1,691,035	580,668
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	147,000	20,293	167,293	112,632	54,661
General Supplies	2,000	-	2,000	-	2,000
Total Care and Upkeep of Grounds	149,000	20,293	169,293	112,632	56,661

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Security					
Salaries	\$ 129,600	\$ 400	\$ 130,000	\$ 44,595	\$ 85,405
Purchased Professional and Technical Services	25,000	(25,000)			-
Cleaning, Repair and Maintenance Services	30,000	(22,400)	7,600	7,536	64
General Supplies	20,400	-	20,400		20,400
Other Objects	25,000	(25,000)	-	-	-
Total Security	230,000	(72,000)	158,000	52,131	105,869
Student Transportation Services					
Contract Svcs. (Other than Home and School)-Vendors	67,150	(12,636)	54,514	2,399	52,115
Contract Svcs. (Between Home and School)-Joint Agrmnts	128,000	50,300	178,300	173,275	5,025
Contracted Services (Spec. Ed. Students) - Joint Agrmnts	600,000	(30,000)	570,000	388,511	181,489
Total Student Transportation Services	795,150	7,664	802,814	564,185	238,629
Unallocated Benefits - Employee Benefits					
Social Security Contributions	230,000	(15,000)	215,000	174,134	40,866
Other Retirement Contributions - PERS	200,000	-	200,000	192,467	7,533
Other Retirement Contributions - Regular	8,000	-	8,000		8,000
Unemployment Compensation	25,000	-	25,000	25,000	-
Unemployment Compensation (Non-Budget)				12,131	(12,131)
Workmen's Compensation	100,000	(20,000)	80,000	76,773	3,227
Health Benefits	2,725,000	(93,000)	2,632,000	2,621,231	10,769
Tuition Reimbursement	22,000	-	22,000	6,468	15,532
Other Employee Benefits	36,000	-	36,000	29,774	6,226
Unused Sick Payment to Terminated/Retired Staff - Normal Retirements	50,000	20,000	70,000	64,626	5,374
Total Unallocated Benefits - Employee Benefits	3,396,000	(108,000)	3,288,000	3,202,604	85,396
On-Behalf TPAF - NCGI Premium (Non-Budget)				41,226	(41,226)
On-Behalf TPAF - Normal Cost (Non-Budget)				2,166,810	(2,166,810)
On-Behalf TPAF - Post-Retirement Medical (Non-Budget)				691,964	(691,964)
On-Behalf TPAF - Long-Term Disability Insurance (Non-Budget)				1,476	(1,476)
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	639,080	(639,080)
Total On-Behalf	-	-	-	3,540,556	(3,540,556)
Total Undistributed Expenditures	15,027,482	(327,789)	14,699,693	16,347,204	(1,647,511)
Total Expenditures - Current Expense	23,181,577	(271,426)	22,910,151	24,070,014	(1,159,863)
CAPITAL OUTLAY					
Equipment					
Grades 1-5	15,000	-	15,000	3,732	11,268
Grades 6-8	30,000	-	30,000	20,158	9,842
Grades 9-12	60,000	150,000	210,000	29,856	180,144
Undistributed Expenditures					
School Administration	8,000	-	8,000	7,586	414
Operation-Maintenance	181,390	-	181,390	130,131	51,259
Required Maintenance	30,000	(30,000)	-	-	-
Total Equipment	143,000	301,390	444,390	191,463	252,927
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	58,000	(49,000)	9,000		9,000
Construction Services	175,000	599,000	774,000	370,663	403,337
Lease Purchase Agreement - Principal	66,781	-	66,781	66,781	-
Infrastructure	150,000	(150,000)	-		-
Assessment for Debt Service on SDA Funding	32,158	-	32,158	32,158	-
Total Facilities Acquisition and Construction Services	481,939	400,000	881,939	469,602	412,337
Interest Deposit to Capital Reserve	1	-	1	-	1
Total Capital Outlay	624,940	701,390	1,326,330	661,065	665,265
Transfer of Funds to Charter Schools	270,968	87,000	357,968	303,007	54,961
Total Expenditures	24,077,485	516,964	24,594,449	25,034,086	(439,637)

WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (1,256,826)	\$ (809,287)	\$ (2,066,113)	\$ 1,416,558	\$ 3,482,671
Fund Balances, Beginning of Year, Restated	4,191,266	-	4,191,266	4,191,266	-
Fund Balances, End of Year	\$ 2,934,440	\$ (809,287)	\$ 2,125,153	\$ 5,607,824	\$ 3,482,671
Reconciliation to Governmental Fund Statements (GAAP):					
Restricted					
Excess Surplus				\$ 1,747,807	
Excess Surplus, Designated for Subsequent Year's Expenditures				1,695,023	
Capital Reserve				149,198	
Unemployment Compensation				106,168	
Committed - Encumbrances				578,069	
Assigned					
Encumbrances				311,698	
Designated for Subsequent Year's Expenditures				14,482	
FFCRA/SEMI - Designated for Subsequent Year's Expenditures				5,720	
Unassigned				999,659	
Total				5,607,824	
State Aid Not recognized on GAAP Basis				(882,831)	
Fund Balance Per Governmental Funds (GAAP)				\$ 4,724,993	

**WALLINGTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal Sources	\$ 519,500	\$ 552,833	\$ 1,072,333	\$ 1,029,268	\$ 43,065
Local Sources	-	105,777	105,777	103,425	2,352
	<u>519,500</u>	<u>658,610</u>	<u>1,178,110</u>	<u>1,132,693</u>	<u>45,417</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	169,000	27,269	196,269	176,875	19,394
Other Salaries		2,950	2,950	2,950	-
Purchased Professional and Technical Services	5,000	67,490	72,490	67,490	5,000
Tuition	256,000	26,235	282,235	282,235	-
General Supplies	-	295,059	295,059	284,792	10,267
Co-Curricular - Student Activities		73,751	73,751	73,751	-
Other Objects	-	14,000	14,000	14,000	-
	<u>430,000</u>	<u>506,754</u>	<u>936,754</u>	<u>902,093</u>	<u>34,661</u>
Support Services					
Salaries	9,000	(9,000)		-	-
Personal Services Employee-Benefits	60,500	4,834	65,334	65,049	285
Purchased Professional - Educational Services	10,000	8,518	18,518	17,174	1,344
Other Purchased Services	10,000	15,692	25,692	23,482	2,210
Scholarships		30,026	30,026	30,026	-
General Supplies	-	64,466	64,466	59,817	4,649
	<u>89,500</u>	<u>114,536</u>	<u>204,036</u>	<u>195,548</u>	<u>8,488</u>
Facilities Acquisition and Construction					
Non-Instructional Equipment					-
Instructional Equipment	-	37,320	37,320	37,320	-
	<u>519,500</u>	<u>658,610</u>	<u>1,178,110</u>	<u>1,134,961</u>	<u>43,149</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	(2,268)	2,268
Fund Balances, Beginning of Year, Restated	152,620	-	152,620	152,620	-
Fund Balances, End of Year	<u>\$ 152,620</u>	<u>\$ -</u>	<u>\$ 152,620</u>	<u>\$ 150,352</u>	<u>\$ 2,268</u>
Recapitulation of Fund Balances:					
Restricted:					
Student Activities				\$ 122,166	
Scholarships				<u>28,186</u>	
				<u>\$ 150,352</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**WALLINGTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of 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.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	General Fund		Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 26,450,644		C-2 \$ 1,132,693
Difference - Budget to GAAP:			
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2019/2020 State Aid)	761,788		
State Aid payment recognized for budgetary purpose not recognized for GAAP statements (2020/2021 State Aid)	<u>(882,831)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 \$ <u>26,329,601</u>		B-2 \$ <u>1,132,693</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ <u>25,034,086</u>		C-2 \$ <u>1,134,961</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>25,034,086</u>		B-2 \$ <u>1,134,961</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POST-EMPLOYMENT BENEFITS INFORMATION

**WALLINGTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Eight Fiscal Years ***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01756	0.01729 %	0.01730 %	0.01747 %	0.01844 %	0.01833 %	0.01835 %	0.01904 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,864,120</u>	<u>\$ 3,115,307</u>	<u>\$ 3,407,370</u>	<u>\$ 4,068,599</u>	<u>\$ 5,460,788</u>	<u>\$ 4,116,732</u>	<u>\$ 3,436,422</u>	<u>\$ 3,639,518</u>
District's Covered Payroll	<u>\$ 1,191,892</u>	<u>\$ 1,214,620</u>	<u>\$ 1,223,045</u>	<u>\$ 1,193,151</u>	<u>\$ 1,196,610</u>	<u>\$ 1,241,919</u>	<u>\$ 1,237,529</u>	<u>\$ 1,281,731</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	240%	256%	279%	341%	456%	331%	278%	284%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.92%	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**WALLINGTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Eight Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 192,134	\$ 168,176	\$ 172,134	\$ 161,915	\$ 163,800	\$ 157,666	\$ 151,310	\$ 163,816
Contributions in Relation to the Contractually Required Contributions	<u>192,134</u>	<u>168,176</u>	<u>172,134</u>	<u>161,915</u>	<u>163,800</u>	<u>157,666</u>	<u>151,310</u>	<u>163,816</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ <u>1,307,664</u>	\$ <u>1,191,892</u>	\$ <u>1,214,620</u>	\$ <u>1,223,045</u>	\$ <u>1,193,151</u>	\$ <u>1,196,610</u>	\$ <u>1,241,919</u>	\$ <u>1,237,529</u>
Contributions as a Percentage of Covered Payroll	14.69%	14.11%	14.17%	13.24%	13.73%	13.18%	12.18%	13.24%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**WALLINGTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**TEACHERS PENSION AND ANNUITY FUND
Last Eight Fiscal Years ***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 49,141,865</u>	<u>\$ 46,235,245</u>	<u>\$ 46,251,585</u>	<u>\$ 50,175,745</u>	<u>\$ 57,796,722</u>	<u>\$ 46,958,903</u>	<u>\$ 40,013,154</u>	<u>\$ 37,858,805</u>
Total	<u>\$ 49,141,865</u>	<u>\$ 46,235,245</u>	<u>\$ 46,251,585</u>	<u>\$ 50,175,745</u>	<u>\$ 57,796,722</u>	<u>\$ 46,958,903</u>	<u>\$ 40,013,154</u>	<u>\$ 37,858,805</u>
District's Covered Payroll	<u>\$ 8,177,950</u>	<u>\$ 8,022,417</u>	<u>\$ 7,768,902</u>	<u>\$ 7,478,246</u>	<u>\$ 7,363,613</u>	<u>\$ 7,277,921</u>	<u>\$ 7,387,611</u>	<u>\$ 7,387,611</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**WALLINGTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Change of Benefit Terms:

None.

Change of Assumptions:

Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

**WALLINGTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Four Fiscal Years*

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 1,249,266	\$ 1,144,935	\$ 1,303,236	\$ 1,573,562
Interest on Total OPEB Liability	1,000,364	1,208,279	1,340,196	1,158,024
Differences Between Expected and Actual Experience	8,393,841	(4,709,139)	(4,394,847)	-
Changes of Assumptions	8,399,753	413,268	(3,498,380)	(4,825,143)
Gross Benefit Payments	(800,549)	(850,841)	(815,175)	(821,674)
Contribution from the Member	<u>24,265</u>	<u>25,221</u>	<u>28,174</u>	<u>30,256</u>
Net Change in Total OPEB Liability	18,266,940	(2,768,277)	(6,036,796)	(2,884,975)
Total OPEB Liability - Beginning	<u>27,717,369</u>	<u>30,485,646</u>	<u>36,522,442</u>	<u>39,407,417</u>
Total OPEB Liability - Ending	<u>\$ 45,984,309</u>	<u>\$ 27,717,369</u>	<u>\$ 30,485,646</u>	<u>\$ 36,522,442</u>
District's Proportionate Share of OPEB Liability	\$0	\$0	\$0	\$0
State's Proportionate Share of OPEB Liability	<u>45,984,309</u>	<u>27,717,369</u>	<u>30,485,646</u>	<u>36,522,442</u>
Total OPEB Liability - Ending	<u>\$ 45,984,309</u>	<u>\$ 27,717,369</u>	<u>\$ 30,485,646</u>	<u>\$ 36,522,442</u>
District's Covered Payroll	<u>\$ 9,369,842</u>	<u>\$ 9,237,037</u>	<u>\$ 8,991,947</u>	<u>\$ 8,671,397</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	0%	0%

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

*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**WALLINGTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

SPECIAL REVENUE FUND

WALLINGTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ESEA				I.D.E.A. Basic	I.D.E.A. PreSchool	CARES Emerg Relief	Coronavirus Relief Fund	Coronavirus Relief Fund (County of Bergen)	Digital Divide	BCUA Environ. Awareness	Scholarships	Student Activities	Total 2021
	Title I	Title IIA	Title III	Title IV										
REVENUES														
Intergovernmental														
Federal	\$ 222,544	\$ 36,596	\$ 14,204	\$ 20,117	\$ 275,525	\$ 6,710	\$ 175,901	\$ 79,566	\$ 46,739	\$ 151,366				\$ 1,029,268
Local	-	-	-	-	-	-	-	-	-	-	\$ 1,916	\$ 31,946	\$ 69,563	103,425
Total Revenues	222,544	36,596	14,204	20,117	275,525	6,710	175,901	79,566	46,739	151,366	1,916	31,946	69,563	1,132,693
EXPENDITURES														
Instruction														
Salaries of Teachers	155,413	1,507	9,425				10,530							176,875
Other Salaries	2,950													2,950
Purchased Professional and Technical Services				13,977			53,513							67,490
Tuition					275,525	6,710								282,235
General Supplies	4,280		924	1				79,566	46,739	151,366	1,916			284,792
Co-Curricular - Student Activities													73,751	73,751
Other Objects	-	-	-	-	-	-	14,000	-	-	-	-	-	-	14,000
Total Instruction	162,643	1,507	10,349	13,978	275,525	6,710	78,043	79,566	46,739	151,366	1,916	-	73,751	902,093
Support Services														
Salaries														-
Personal Services Employee-Benefits	59,901	572	3,770				806							65,049
Purchased Professional - Educational Services		11,035		6,139										17,174
Other Purchased Services		23,482												23,482
Scholarships			85				59,732					\$ 30,026		30,026
General Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	59,817
Total Support Services	59,901	35,089	3,855	6,139	-	-	60,538	-	-	-	-	30,026	-	195,548
Facilities Acquisition and Construction														
Instructional Equipment	-	-	-	-	-	-	37,320	-	-	-	-	-	-	37,320
Total Expenditures	222,544	36,596	14,204	20,117	275,525	6,710	175,901	79,566	46,739	151,366	1,916	30,026	73,751	1,134,961
Excess (Deficiency) of Revenues Over (Under)														
Expenditures	-	-	-	-	-	-	-	-	-	-	-	1,920	(4,188)	(2,268)
Fund Balance, Beginning of Year, Restated	-	-	-	-	-	-	-	-	-	-	-	26,266	126,354	152,620
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,186	\$ 122,166	\$ 150,352

**WALLINGTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This Schedule is Not Applicable

**WALLINGTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF STUDENT ACTIVITIES RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Balance, July 1, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2021</u>
<u>ELEMENTARY SCHOOLS</u>				
General Office	\$ 10,571	\$ 1,642	\$ 2,299	\$ 9,914
Total Elementary Schools	<u>10,571</u>	<u>1,642</u>	<u>2,299</u>	<u>9,914</u>
<u>HIGH SCHOOL</u>				
High School	107,351	32,726	49,914	90,163
High School Athletics	<u>8,432</u>	<u>35,195</u>	<u>21,538</u>	<u>22,089</u>
Total High School	<u>115,783</u>	<u>67,921</u>	<u>71,452</u>	<u>112,252</u>
Total All Schools	<u>\$ 126,354</u>	<u>\$ 69,563</u>	<u>\$ 73,751</u>	<u>\$ 122,166</u>

CAPITAL PROJECTS FUND

NOT APPLICABLE

PROPRIETARY FUNDS

NOT APPLICABLE

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**WALLINGTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Source</u>	<u>Date of Bond</u>	<u>Amount of Original Bond</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2020</u>	<u>Retired</u>	<u>Balance, June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>				
2014 School Bonds	8/15/2014	\$ 2,617,000	8/15/2021	\$ 145,000	2.00			
			8/15/2022	155,000	2.25			
			8/15/2023	165,000	3.00			
			8/15/2024	170,000	3.00			
			8/15/2025-2028	260,000	3.00			
			8/15/2029	252,000	3.00			
						\$ 2,072,000	\$ 145,000	\$ 1,927,000
2015 School Refunding Bonds	5/15/2015	2,060,000	5/15/2022-2023	225,000	4.00			
			5/15/2024-2025	220,000	4.00			
						<u>1,105,000</u>	<u>215,000</u>	<u>890,000</u>
						<u>\$ 3,177,000</u>	<u>\$ 360,000</u>	<u>\$ 2,817,000</u>
						Budget Appropriation	<u>\$ 360,000</u>	

**WALLINGTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF CAPITAL LEASES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOT APPLICABLE

**WALLINGTON BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 460,847	-	\$ 460,847	\$ 460,847	-
Total Revenues	<u>460,847</u>	<u>-</u>	<u>460,847</u>	<u>460,847</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	360,000		360,000	360,000	
Interest	<u>100,848</u>	-	<u>100,848</u>	<u>100,848</u>	\$ -
Total Regular Debt Service	<u>460,848</u>	<u>-</u>	<u>460,848</u>	<u>460,848</u>	<u>-</u>
Total Expenditures	<u>460,848</u>	<u>-</u>	<u>460,848</u>	<u>460,848</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>4</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ -</u>
<u>Recapitulation of Balance</u>					
Designated for Subsequent Years Expenditures				<u>\$ 3</u>	
				<u>\$ 3</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government'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 government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

WALLINGTON BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014 Restated	2015	2016	2017	2018	2019	2020 Restated	2021
Governmental Activities										
Net Investments in Capital Assets	\$ 4,528,582	\$ 4,434,883	\$ 4,632,377	\$ 7,732,294	\$ 7,718,866	\$ 7,574,665	\$ 7,289,240	\$ 6,610,202	\$ 6,718,235	\$ 6,824,355
Restricted	560,237	605,048	276,961	152,367	147,290	147,292	147,524	417,644	419,981	405,721
Unrestricted	<u>321,316</u>	<u>443,528</u>	<u>(2,886,071)</u>	<u>(2,622,034)</u>	<u>(2,725,364)</u>	<u>(3,173,893)</u>	<u>(2,936,542)</u>	<u>(1,934,413)</u>	<u>(1,260,052)</u>	<u>158,430</u>
Total Governmental Activities Net Assets	<u>\$ 5,410,135</u>	<u>\$ 5,483,459</u>	<u>\$ 2,023,267</u>	<u>\$ 5,262,627</u>	<u>\$ 5,140,792</u>	<u>\$ 4,548,064</u>	<u>\$ 4,500,222</u>	<u>\$ 5,093,433</u>	<u>\$ 5,878,164</u>	<u>\$ 7,388,506</u>
Business-Type Activities										
Net Investments in Capital Assets	\$ 14,074	\$ 10,556	\$ 7,037	\$ 5,521	\$ 18,056	\$ 13,751	\$ 9,446	\$ 5,141	\$ 1,284	\$ -
Unrestricted	<u>27,598</u>	<u>39,286</u>	<u>41,767</u>	<u>41,849</u>	<u>26,831</u>	<u>30,448</u>	<u>34,752</u>	<u>41,447</u>	<u>42,869</u>	<u>39,271</u>
Total Business-Type Activities Net Assets	<u>\$ 41,672</u>	<u>\$ 49,842</u>	<u>\$ 48,804</u>	<u>\$ 47,370</u>	<u>\$ 44,887</u>	<u>\$ 44,199</u>	<u>\$ 44,198</u>	<u>\$ 46,588</u>	<u>\$ 44,153</u>	<u>\$ 39,271</u>
District-Wide										
Net Investments in Capital Assets	\$ 4,542,656	\$ 4,445,439	\$ 4,639,414	\$ 7,737,815	\$ 7,736,922	\$ 7,588,416	\$ 7,298,686	\$ 6,615,343	\$ 6,719,519	\$ 6,824,355
Restricted	560,237	605,048	276,961	152,367	147,290	147,292	147,524	417,644	419,981	405,721
Unrestricted	<u>348,914</u>	<u>482,814</u>	<u>(2,844,304)</u>	<u>(2,580,185)</u>	<u>(2,698,533)</u>	<u>(3,143,445)</u>	<u>(2,901,790)</u>	<u>(1,892,966)</u>	<u>(1,217,183)</u>	<u>197,701</u>
Total District Net Position	<u>\$ 5,451,807</u>	<u>\$ 5,533,301</u>	<u>\$ 2,072,071</u>	<u>\$ 5,309,997</u>	<u>\$ 5,185,679</u>	<u>\$ 4,592,263</u>	<u>\$ 4,544,420</u>	<u>\$ 5,140,021</u>	<u>\$ 5,922,317</u>	<u>\$ 7,427,777</u>

Note 1 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

Note 2 - Net Position at June 30, 2020 is restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities".

**WALLINGTON BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 6,331,728	\$ 6,579,764	\$ 6,579,762	\$ 7,887,718	\$ 8,969,996	\$ 9,843,999	\$ 10,103,408	\$ 9,209,094	\$ 9,133,929	\$ 10,667,546
Special Education	3,263,896	3,762,305	4,126,054	4,538,128	5,112,215	5,806,153	5,875,529	5,877,791	6,127,085	6,060,932
Other Instruction	573,469	1,070,112	924,120	1,068,931	1,168,051	1,237,542	1,300,013	1,277,039	1,318,362	1,372,693
School Sponsored Activities And Athletics	874,892	712,146	705,709	856,039	984,790	1,073,480	1,085,021	1,027,640	1,015,024	1,106,851
Support Services:										
Student & Instruction Related Services	2,315,953	2,438,293	2,438,693	2,694,185	2,789,561	3,343,503	3,413,413	3,175,159	2,946,316	3,458,920
School Administration Services	737,522	768,721	720,501	797,674	844,888	922,209	916,547	773,645	586,207	663,932
General Administration	482,413	593,031	575,423	645,645	636,459	633,905	671,486	677,874	889,001	1,018,762
Plant Operations And Maintenance	1,921,729	1,995,223	2,124,910	2,374,084	2,411,845	2,420,406	2,528,632	2,856,407	2,579,901	2,973,696
Pupil Transportation	312,217	408,374	455,053	357,935	534,510	643,374	675,383	615,476	727,500	564,185
Central Services	587,844	595,334	612,699	626,560	747,760	839,619	868,726	804,906	800,233	880,610
Interest On Long-Term Debt	121,669	120,091	108,278	121,478	123,546	110,672	106,116	98,468	90,581	82,455
Total Governmental Activities Expenses	17,523,332	19,043,394	19,371,202	21,968,377	24,323,621	26,874,862	27,544,274	26,393,499	26,214,139	28,850,582
Business-Type Activities:										
Food Service	144,108	142,692	135,352	144,807	150,177	139,702	156,679	143,368	110,099	114,331
Total Business-Type Activities Expense	144,108	142,692	135,352	144,807	150,177	139,702	156,679	143,368	110,099	114,331
Total District Expenses	\$ 17,667,440	\$ 19,186,086	\$ 19,506,554	\$ 22,113,184	\$ 24,473,798	\$ 27,014,564	\$ 27,700,953	\$ 26,536,867	\$ 26,324,238	\$ 28,964,913
Program Revenues										
Governmental Activities:										
Charges For Services	\$ 88,105	\$ 106,272	\$ 113,690	\$ 148,178	\$ 180,005	\$ 180,725	\$ 171,984	\$ 186,635	\$ 175,973	\$ 101,667
Operating Grants And Contributions	2,794,314	3,140,630	2,994,999	4,889,624	5,722,288	7,316,348	7,979,825	6,912,898	6,326,882	8,992,235
Capital Grants And Contributions	-	179,119	225,955	3,489,534	381,801	253,590	-	-	-	-
Total Governmental Activities Program Revenues	2,882,419	3,426,021	3,334,644	8,527,336	6,284,094	7,750,663	8,151,809	7,099,533	6,502,855	9,093,902
Business-Type Activities:										
Charges For Services										
Food Service	34,644	26,691	21,552	23,034	22,210	20,455	28,637	26,318	21,406	-
Operating Grants And Contributions	119,681	124,171	112,762	120,339	117,848	118,559	128,041	119,440	86,258	109,449
Total Business Type Activities Program Revenues	154,325	150,862	134,314	143,373	140,058	139,014	156,678	145,758	107,664	109,449
Total District Program Revenues	\$ 3,036,744	\$ 3,576,883	\$ 3,468,958	\$ 8,670,709	\$ 6,424,152	\$ 7,889,677	\$ 8,308,487	\$ 7,245,291	\$ 6,610,519	\$ 9,203,351
Net (Expense)/Revenue										
Governmental Activities	\$ (14,640,913)	\$ (15,617,373)	\$ (16,036,558)	\$ (13,441,041)	\$ (18,039,527)	\$ (19,124,199)	\$ (19,392,465)	\$ (19,293,966)	\$ (19,711,284)	\$ (19,756,680)
Business-Type Activities	10,217	8,170	(1,038)	(1,434)	(10,119)	(688)	(1)	2,390	(2,435)	(4,882)
Total District-Wide Net Expense	\$ (14,630,696)	\$ (15,609,203)	\$ (16,037,596)	\$ (13,442,475)	\$ (18,049,646)	\$ (19,124,887)	\$ (19,392,466)	\$ (19,291,576)	\$ (19,713,719)	\$ (19,761,562)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 12,630,106	\$ 13,126,129	\$ 13,616,363	\$ 14,078,890	\$ 15,247,472	\$ 15,691,413	\$ 16,005,241	\$ 16,005,241	\$ 16,280,347	\$ 16,605,353
Taxes Levied For Debt Service	311,696	314,937	312,763	278,657	352,220	456,249	458,046	462,700	187,594	460,847
Loss on Retirement of Capital Assets	-	-	-	-	-	-	-	-	-	-
Unrestricted State & Federal Aid	2,043,106	2,188,324	2,244,933	2,278,096	2,284,887	2,298,274	2,726,276	3,303,972	3,624,760	3,779,208
State Restricted	2,139	2,192	2,283	-	-	-	-	-	-	-
Donated Capital Assets	-	-	-	-	-	-	-	-	-	-
Interest Earned	55	42	53	1,368	25	388	5,403	25,897	25,877	5,750
Miscellaneous Income	47,095	59,073	39,489	43,390	40,724	85,147	149,657	89,367	106,518	415,864
Transfers	-	-	-	-	(7,636)	-	-	-	-	-
Total Governmental Activities	15,034,197	15,690,697	16,215,884	16,680,401	17,917,692	18,531,471	19,344,623	19,887,177	20,225,096	21,267,022
Business-Type Activities:										
Investment Earnings	-	-	-	-	7,636	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	7,636	-	-	-	-	-
Total District-Wide	\$ 15,034,197	\$ 15,690,697	\$ 16,215,884	\$ 16,680,401	\$ 17,925,328	\$ 18,531,471	\$ 19,344,623	\$ 19,887,177	\$ 20,225,096	\$ 21,267,022
Change in Net Position										
Governmental Activities	\$ 393,284	\$ 73,324	\$ 179,326	\$ 3,239,360	\$ (121,835)	\$ (592,728)	\$ (47,842)	\$ 593,211	\$ 513,812	\$ 1,510,342
Business-Type Activities	10,217	8,170	(1,038)	(1,434)	(2,483)	(688)	(1)	2,390	(2,435)	(4,882)
Total District	\$ 403,501	\$ 81,494	\$ 178,288	\$ 3,237,926	\$ (124,318)	\$ (593,416)	\$ (47,843)	\$ 595,601	\$ 511,377	\$ 1,505,460

WALLINGTON BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 Restated	2021
General Fund										
Restricted	\$ 846,661	\$ 1,017,527	\$ 1,018,653	\$ 1,385,722	\$ 1,679,272	\$ 1,444,588	\$ 1,754,366	\$ 2,337,549	\$ 3,055,255	\$ 3,698,196
Committed			87,331			85,727		509,850	151,390	578,069
Assigned	480,138	368,458	331,224	382,776	85,926	152,039	297,667	172,697	483,876	331,900
Unassigned	41,211	55,694	56,442	(62,710)	(87,429)	(82,903)	(144,311)	(235,889)	(261,043)	116,828
Total General Fund	\$ 1,368,010	\$ 1,441,679	\$ 1,493,650	\$ 1,705,788	\$ 1,677,769	\$ 1,599,451	\$ 1,907,722	\$ 2,784,207	\$ 3,429,478	\$ 4,724,993
All Other Governmental Funds										
Nonspendable										
Restricted	\$ 80,902	\$ 138,999	\$ 2	\$ 1,151,353	\$ 567,104	\$ 269,306	\$ 269,304	\$ 269,307	\$ 152,624	\$ 150,355
Total All Other Governmental Funds	\$ 80,902	\$ 138,999	\$ 2	\$ 1,151,353	\$ 567,104	\$ 269,306	\$ 269,304	\$ 269,307	\$ 152,624	\$ 150,355

Note 1 - Fund Balances at June 30, 2020 is restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities".

WALLINGTON BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax Levy	\$ 12,941,802	\$ 13,441,066	\$ 13,929,126	\$ 14,357,547	\$ 15,599,692	\$ 16,147,662	\$ 16,463,287	\$ 16,467,941	\$ 16,467,941	\$ 17,066,200
Tuition from Other LEAs Within State									16,138	32,104
Interest Earned	55	42	53	1,368	25	388	5,403	25,897	721	140
Miscellaneous	136,200	168,345	384,384	196,818	228,847	267,872	324,508	278,002	293,359	524,899
State Sources	4,206,050	4,955,385	4,666,274	5,717,448	5,465,733	5,761,965	6,156,977	7,834,642	8,341,033	9,197,138
Federal Sources	632,509	551,880	570,691	562,063	606,096	598,691	649,448	611,078	605,673	1,102,660
Total Revenue	<u>17,916,616</u>	<u>19,116,718</u>	<u>19,550,528</u>	<u>20,835,244</u>	<u>21,900,393</u>	<u>22,776,578</u>	<u>23,599,623</u>	<u>25,217,560</u>	<u>25,724,865</u>	<u>27,923,141</u>
Expenditures										
Instruction										
Regular Instruction	6,309,827	6,540,613	6,598,901	6,823,229	7,629,447	7,790,176	8,006,276	8,286,910	8,591,862	9,416,264
Special Education Instruction	3,260,322	3,755,367	4,130,095	4,338,755	4,841,427	5,350,793	5,431,831	5,689,058	6,036,043	5,767,281
Other Instruction	874,291	1,067,261	927,205	951,623	1,020,660	1,021,447	1,067,537	1,168,555	1,249,025	1,230,582
School Sponsored Activities and Athletics	573,098	710,166	708,639	755,386	863,188	892,026	897,091	944,737	965,198	998,876
Support Services:										
Student and Inst. Related Services	2,288,333	2,414,172	2,432,185	2,490,780	2,467,282	2,755,958	2,783,359	2,924,022	2,840,704	3,109,205
General Administration	478,559	591,504	576,998	522,303	586,870	549,699	572,524	639,216	569,513	609,160
School Administration Services	732,027	760,855	719,233	727,548	750,658	760,075	749,551	706,077	846,273	901,471
Plant Operations And Maintenance	1,571,284	1,604,324	1,728,063	1,835,498	1,807,805	1,649,333	1,753,945	2,117,380	1,869,559	2,177,500
Pupil Transportation	312,217	408,374	455,053	357,935	534,510	643,374	675,383	615,476	727,500	564,185
Central Services	587,017	592,854	615,305	623,049	669,775	698,434	719,306	748,207	780,407	795,077
Capital Outlay	2,118,695	271,734	406,187	4,981,559	990,449	585,131	176,503	38,737	534,215	599,446
Debt Service:										
Principal	191,960	228,388	229,707	201,555	190,246	315,000	325,000	340,000	345,000	360,000
Interest and Other Charges	123,248	121,340	109,983	72,322	182,708	141,248	133,048	122,697	111,897	100,848
Cost of Issuance on Refunding	-	-	-	62,101	-	-	-	-	-	-
Total Expenditures	<u>19,420,878</u>	<u>19,066,952</u>	<u>19,637,554</u>	<u>24,743,643</u>	<u>22,535,025</u>	<u>23,152,694</u>	<u>23,291,354</u>	<u>24,341,072</u>	<u>25,467,196</u>	<u>26,629,895</u>
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	<u>(1,504,262)</u>	<u>49,766</u>	<u>(87,026)</u>	<u>(3,908,399)</u>	<u>(634,632)</u>	<u>(376,116)</u>	<u>308,269</u>	<u>876,488</u>	<u>257,669</u>	<u>1,293,246</u>
Other Financing Sources (Uses)										
Bond Proceeds				2,617,000						
Payments of Refunding Escrow Agent				(2,248,616)						
Refunding Bond Proceeds				2,060,000						
Premium on Issuance of Refunding				222,417						
Insurance Recovery Related to Capital Assets				2,621,087	30,000					
Capital Lease Proceeds		82,000								
Transfers In			89,090	959	3,711			269,304		-
Transfers Out	-	-	(89,090)	(959)	(11,347)	-	-	(269,304)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>82,000</u>	<u>-</u>	<u>5,271,888</u>	<u>22,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (1,504,262)</u>	<u>\$ 131,766</u>	<u>\$ (87,026)</u>	<u>\$ 1,363,489</u>	<u>\$ (612,268)</u>	<u>\$ (376,116)</u>	<u>\$ 308,269</u>	<u>\$ 876,488</u>	<u>\$ 257,669</u>	<u>\$ 1,293,246</u>
Debt Service as a Percentage of										
Noncapital Expenditures	1.82%	1.86%	1.77%	1.70%	1.73%	2.02%	1.98%	1.90%	1.83%	1.77%

* Noncapital expenditures are total expenditures less capital outlay.

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Total</u>	<u>Interest on Investments</u>	<u>After School Program</u>	<u>Tuition</u>	<u>Tuition Refunds</u>	<u>Prior Year Refunds</u>	<u>Prior Year Payables Adjustment</u>	<u>Miscellaneous</u>
2012	\$ 135,255	\$ 55	\$ 88,104		\$ 33,506		\$ 6,866	\$ 6,724
2013	165,387	42	106,272		5,749		15,869	37,455
2014	153,232	53	113,690				5,035	34,454
2015	191,594	26	148,178				11,774	31,616
2016	220,754	25	180,005				19,189	21,535
2017	266,260	388	180,725				67,631	17,516
2018	327,044	5,403	171,984				42,271	107,386
2019	301,899	25,897	186,635				65,504	23,863
2020	308,368	25,877	145,911	\$ 16,138			119,458	984
2021	453,718	5,750		32,104			316,383	99,481

WALLINGTON BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2012	\$ 8,976,300	\$ 791,945,200	\$ 146,933,100	\$ 54,215,800	\$ 94,602,200	\$ 1,096,672,600	\$ 1,720,812	\$ 1,098,393,412	\$ 1,029,241,284	\$ 1.202
2013	8,204,900	792,903,900	145,658,500	53,706,300	94,602,200	1,095,075,800	1,730,632	1,096,806,432	1,003,993,152	1.252
2014 (A)	5,569,900	674,055,600	136,425,500	49,286,100	81,398,700	946,735,800	1,549,102	948,284,902	1,001,647,136	1.483
2015	6,229,100	671,310,500	132,900,200	49,336,100	81,632,500	941,408,400	1,730,632	943,139,032	962,087,386	1.579
2016	5,589,900	674,162,200	134,621,500	49,159,300	81,478,000	945,010,900	1,591,404	946,602,304	970,158,817	1.695
2017	5,464,000	674,337,800	137,183,500	49,506,000	81,408,300	947,899,600	1,582,048	949,481,648	993,172,634	1.718
2018	5,319,000	677,665,000	137,034,600	49,869,200	81,408,300	951,296,100	1,476,263	952,772,363	1,057,980,753	1.727
2019	5,339,200	680,350,000	130,709,000	49,679,500	90,219,200	956,296,900	1,430,754	957,727,654	1,099,853,048	1.721
2020	21,458,700	681,170,400	115,060,000	49,760,500	94,286,400	961,736,000	1,380,548	963,116,548	1,161,924,276	1.741
2021	21,934,800	684,180,600	122,033,300	48,877,600	86,812,800	963,839,100	1,332,834	965,171,934	1,222,071,153	1.777

Source: County Abstract of Ratables

Note: (A) A reassessment of real property became effective for tax year 2014

^a Tax rates are per \$100

**WALLINGTON BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

Assessment Year	Total	Wallington School District	Wallington Borough (A)	Bergen County
2012	\$ 2.133	\$ 1.202	\$ 0.723	\$ 0.208
2013	2.206	1.252	0.743	0.211
2014 (B)	2.596	1.483	0.878	0.235
2015	2.736	1.579	0.912	0.245
2016	2.858	1.695	0.912	0.251
2017	2.915	1.718	0.935	0.262
2018	2.952	1.727	0.953	0.272
2019	2.987	1.721	0.987	0.279
2020	3.085	1.741	1.044	0.300
2021	3.149	1.777	1.053	0.319

Note: (A) Includes Library tax.

Note: (B) The Borough undertook a reassessment of real property which became effective for the tax year 2014.

Source: Tax Duplicate

**WALLINGTON BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2021		Taxpayer	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Mt Pleasant Village Investments LLC	\$ 26,500,000	2.75%	Mt Pleasant Village Investments LLC	\$ 27,500,000	2.50%
Jasontown Apt. LLC	21,628,600	2.24%	Jasontown Apt. LLC	24,600,000	2.24%
Wallington Plaza LLC	21,338,300	2.21%	Farmland Dairies	22,500,000	2.05%
Jasontown II Associates	19,972,000	2.07%	Jasontown II Associates	22,440,000	2.04%
Umdasch Real Estate USA Ltd.	16,895,600	1.75%	Wallington Plaza LLC	14,700,000	1.34%
PS Atlantic Coast, LLC	8,119,200	0.84%	Wallington Self Storage	8,000,000	0.73%
Jersey Development Street LLC	7,473,600	0.77%	Meridia at Parkway, LLC	6,900,000	0.63%
Emanuel Realty LLC	5,700,000	0.59%	480 Main Ave. Associates LLC	6,000,000	0.55%
New Wallington Home LLC	5,592,500	0.58%	The Wallington Group, LLC	5,572,200	0.51%
480 Main Ave. Associates LLC	5,500,000	0.57%	460 Main Ave Wallington LLC	5,500,000	0.50%
	<u>\$ 138,719,800</u>	<u>14.37%</u>		<u>\$ 143,712,200</u>	<u>13.08%</u>

Source: Municipal Tax Assessor

**WALLINGTON BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 12,941,802	\$ 12,941,802	100.00%	N/A
2013	13,441,066	13,441,066	100.00%	N/A
2014	13,929,126	13,929,126	100.00%	N/A
2015	14,357,547	14,357,547	100.00%	N/A
2016	15,599,692	15,599,692	100.00%	N/A
2017	16,147,662	16,147,662	100.00%	N/A
2018	16,463,287	16,463,287	100.00%	N/A
2019	16,467,941	16,467,941	100.00%	N/A
2020	16,467,941	16,467,941	100.00%	N/A
2021	17,066,200	17,066,200	100.00%	N/A

**WALLINGTON BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Governmental Activities</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>EDA Loans Payable</u>	<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
2012	\$ 2,718,000	\$ 77,896	\$ 2,795,896	11,436	\$ 244
2013	2,553,000	39,632	2,592,632	11,468	226
2014	2,383,000		2,383,000	11,511	207
2015	4,677,000		4,677,000	11,534	405
2016	4,502,000		4,502,000	11,565	389
2017	4,187,000		4,187,000	11,554	362
2018	3,862,000		3,862,000	11,582	333
2019	3,522,000		3,522,000	11,544	305
2020	3,177,000		3,177,000	11,495	276
2021	2,817,000		2,817,000	11,574	243

Source: District records

E - Estimate

WALLINGTON BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

General Bonded Debt Outstanding						
Fiscal Year Ended June 30,	General Obligation Bonds	Intergovern- mental Loans	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2012	\$ 2,718,000	\$ 77,896		\$ 2,795,896	0.25%	\$ 244
2013	2,553,000	39,632		2,592,632	0.24%	226
2014	2,383,000		\$ 2	2,382,998	0.25%	207
2015	4,677,000		1,367	4,675,633	0.50%	405
2016	4,502,000		1	4,501,999	0.48%	389
2017	4,187,000		2	4,186,998	0.44%	362
2018	3,862,000			3,862,000	0.41%	333
2019	3,522,000		269,307	3,252,693	0.34%	282
2020	3,177,000		4	3,176,996	0.33%	276
2021	2,817,000		3	2,816,997	0.29%	243

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**WALLINGTON BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>Direct Debt: (1)</u>			
Wallington Borough Public Schools	\$ 3,172,000	\$ 3,172,000	
Borough of Wallington	<u>16,594,687</u>	<u>5,843,830</u>	<u>\$ 10,750,857</u>
	<u>\$ 19,766,687</u>	<u>\$ 9,015,830</u>	<u>10,750,857</u>
 Overlapping Debt Apportioned to the Municipality:			
County of Bergen - Borough's Share (A)			9,484,930
Passaic Valley Sewerage Commission (B)			<u>1,122,265</u>
			<u>10,607,195</u>
 Total Direct and Overlapping Debt			 <u>\$ 21,358,052</u>

Source:

(1) Borough's 2020 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Wallington by dividing the municipality's 2020 equalized value by the total 2020 equalized value for Bergen County.

(B) The debt was computed based upon dividing the Borough's 2020 billings by the total 2020 billings of the Authority.

**WALLINGTON BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2021

Equalized valuation basis

2020	\$1,213,393,894
2019	1,149,395,313
2018	1,088,190,460
	<u>\$3,450,979,667</u>

Average equalized valuation of taxable property	<u>\$1,150,326,556</u>
Debt limit (4 % of average equalization value)	\$ 46,013,062 ^a
Total Net Debt Applicable to Limit	<u>2,817,000</u>
Legal debt margin	<u>\$ 43,196,062</u>

95

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Limit	\$ 43,932,424	\$41,734,600	\$40,065,885	\$ 39,164,219	\$38,657,519	\$ 38,743,522	\$39,908,722	\$41,612,264	\$ 43,813,751	\$ 46,013,062
Total Net Debt Applicable to Limit	<u>2,795,896</u>	<u>2,592,632</u>	<u>2,383,000</u>	<u>4,677,000</u>	<u>4,502,000</u>	<u>4,187,000</u>	<u>3,862,000</u>	<u>3,522,000</u>	<u>3,177,000</u>	<u>2,817,000</u>
Legal Debt Margin	<u>\$ 41,136,528</u>	<u>\$39,141,968</u>	<u>\$37,682,885</u>	<u>\$ 34,487,219</u>	<u>\$ 34,155,519</u>	<u>\$ 34,556,522</u>	<u>\$36,046,722</u>	<u>\$38,090,264</u>	<u>\$ 40,636,751</u>	<u>\$ 43,196,062</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.36%	6.21%	5.95%	11.94%	11.65%	10.81%	9.68%	8.46%	7.25%	6.12%

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 NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

**WALLINGTON BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>School District Population</u>
2012	12.50%	\$ 72,164	11,436
2013	8.60%	71,699	11,468
2014	7.50%	74,480	11,511
2015	6.10%	77,767	11,534
2016	5.50%	79,407	11,565
2017	5.10%	81,676	11,554
2018	4.50%	86,404	11,582
2019	4.20%	89,456	11,544
2020	11.90%	89,456 (2)	11,495
2021	N/A	89,456 (2)	11,574

Source: County Information vs. Municipality Information

(1) Reflects County of Bergen

(2) Estimate

N/A - Not Available

Source: United States Bureau of Census

WALLINGTON BOARD OF EDUCATION
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

This information is not available.

This information is not available.

WALLINGTON BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	91	91	92	94	95	96	95	101	98	99
Special Education	4	4	5	5	5	6	7	8	8	10
Other Special Education	3	3	5	6	6	6	6	7	8	7
Other Instruction	8	8	10	10	10	10	10	10	10	10
Support Services:										
General Administration	4	4	4	4	4	4	4	4	4	4
School Administrative Services	7	7	7	7	7	7	7	7	7	7
Other Administrative Services	4	4	4	4	4	4	4	5	5	5
Central Services	3	3	3	3	3	3	3	3	3	3
Administrative Information Technology	1	2	2	2	2	2	2	2	2	2
Plant Operations and Maintenance	10	10	8	7	6	5	5	6	6	6
Total	<u>135</u>	<u>136</u>	<u>140</u>	<u>142</u>	<u>142</u>	<u>143</u>	<u>143</u>	<u>153</u>	<u>151</u>	<u>153</u>

Source: District Personnel Records

WALLINGTON BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Senior High School				
2012	1,196.0	\$ 16,986,975	\$ 14,203	1.66%	106	1:11.5	1:10.8	1,188.7	1,127.4	2.70%	94.84%
2013	1,191.0	18,445,490	15,487	9.04%	105	1:14.8	1:22	1,198.8	1,137.3	0.85%	94.87%
2014	1,195.0	18,891,677	15,809	2.08%	112	1:13.5	1:12.8	1,183.5	1,123.1	-1.28%	94.90%
2015	1,345.0	19,426,106	14,443	-8.64%	115	1:11.1	1:11.5	1,290.6	1,219.2	9.05%	94.47%
2016	1,292.0	21,171,622	16,387	13.46%	116	1:10.6	1:14.1	1,293.1	1,251.1	0.19%	96.75%
2017	1,283.0	22,111,315	17,234	5.17%	118	1:10.4	1:14.3	1,276.6	1,204.8	-1.28%	94.38%
2018	1,271.0	22,656,803	17,826	3.43%	118	1:13.4	1:11.9	1,260.9	1,202.7	-1.23%	95.38%
2019	1,231.0	23,839,638	19,366	8.64%	126	1:11.9	1:12.1	1,223.9	1,172.0	-2.93%	95.76%
2020	1,222.0	24,476,084	20,030	3.43%	124	1:13.9	1:11.1	1,217.5	1,180.0	-0.52%	96.92%
2021	1,258.0	25,569,601	20,326	0.015	126	1:9.36	1:11.9	1,197.5	1,170.2	-1.64%	97.72%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

**WALLINGTON BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>District Building</u>										
<u>Elementary</u>										
Jefferson School										
Square Feet	19,279	19,279	19,279	24,493	24,493	24,493	24,493	24,493	24,493	24,493
Capacity (students)	132	132	132	241	241	241	241	241	241	241
Enrollment	230	261	269	303	306	289	248	274	274	284
Gavlak School										
Square Feet	36,297	36,297	36,297	36,350	36,350	36,350	36,350	36,350	36,350	36,350
Capacity (students)	283	283	283	283	283	283	283	283	283	283
Enrollment	400	400	398	445	436	437	448	422	422	418
<u>High School</u>										
Square Feet	66,109	66,109	66,109	76,500	76,500	76,500	76,500	76,500	76,500	76,500
Capacity (students)	212	212	212	212	212	212	212	212	212	212
Enrollment	566	530	512	542	538	554	557	572	573	609
Number of Schools at June 30, 2021										
Elementary =	2	2	2	2	2	2	2	2	2	2
Senior High School =	1	1	1	1	1	1	1	1	1	1

Source: District Records

WALLINGTON BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 (Unaudited)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Jefferson School	\$ 45,499	\$ 45,871	\$ 53,182	\$ 42,310	\$ 42,693	\$ 43,423	\$ 18,009	\$ 26,568	\$ 15,755	\$ 21,581
Frank W. Gavlak School	59,881	63,006	46,333	27,181	48,760	37,066	62,783	59,437	44,422	60,850
Wallington High School	<u>85,353</u>	<u>104,127</u>	<u>109,141</u>	<u>41,116</u>	<u>95,749</u>	<u>69,487</u>	<u>86,373</u>	<u>93,230</u>	<u>73,843</u>	<u>101,149</u>
Total School Facilities	<u>\$ 190,733</u>	<u>\$ 213,004</u>	<u>\$ 208,656</u>	<u>\$ 110,607</u>	<u>\$ 187,202</u>	<u>\$ 149,976</u>	<u>\$ 167,165</u>	<u>\$ 179,235</u>	<u>\$ 134,020</u>	<u>\$ 183,580</u>

**WALLINGTON BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2021
(Unaudited)**

	<u>Coverage</u>	<u>Deductible/ Retention</u>
School Package Policy (School Alliance Insurance Fund)		
Buildings and Contents (Per Occurrence)	\$ 500,000,000	\$100,000 per Occurrence
Boiler and Machinery (Per Occurrence)	100,000,000	\$10,000 per Occurrence
Cyber Liability (Per Occurrence)	2,000,000	100,000 per Occurrence
General Liability and Automobile Liability (Per Occurrence)	5,000,000	100,000 per Occurrence
School Leaders Professional Liability (Per Claim/Per Occurrence)	5,000,000/100,000,000	5,000 per Claim
Workers' Compensation (Per Occurrence/Aggregate)	5,000,000	100,000 per Occurrence
Public Official Bonds		
Treasurer	250,000	
Blanket Dishonesty Bond	\$500,000 per loss	1,000 each loss

Source: District Insurance Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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DEBRA GOLLE, CPA
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CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Wallington Board of Education
Wallington, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements 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, each major fund and the aggregate remaining fund information of the Wallington Board of Education as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Wallington Board of Education's basic financial statements and have issued our report thereon dated March 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wallington Board of Education's internal control over financial reporting (internal control) as a basis for designing 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 Wallington Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wallington Board of Education's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wallington Board of Education’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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002..

Wallington Board of Education’s Responses to Findings

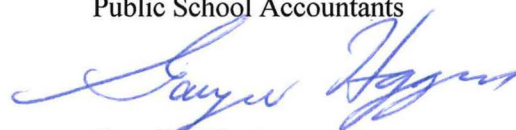
The Wallington Board of Education’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Wallington Board of Education’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Wallington Board of Education’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Wallington Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
March 14, 2022



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Trustees
Wallington Board of Education
Wallington, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Wallington Board of Education’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Wallington Board of Education’s major federal and state programs for the fiscal year ended June 30, 2021. The Wallington Board of Education’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 awards and state financial assistance applicable to its federal and state programs.

Auditor’s Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the Wallington Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Wallington Board of Education'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 U.S. 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 Wallington Board of Education's internal control over compliance.

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

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

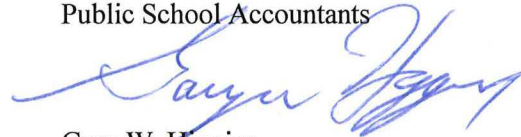
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Wallington Board of Education, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated March 14, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 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.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
March 14, 2022

WALLINGTON BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance at July 1, 2020	Uncarned Revenue Carryover/ (Walkover) Amount	Intergov't Receivable Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	June 30, 2021			(Memo) GAAP Receivable
										Intergov't Receivable	Uncarned Revenue	Due to Grantor	
U.S. Department of Agriculture Passed-Through State Department of Education													
Food Service Fund													
National School Lunch Program	10.555	211NJ304N1099	7/1/20-6/30/21	\$ 86,656				\$ 70,615	\$ 86,656	\$ (16,041)			\$ (16,041)
National School Lunch Program	10.555	201NJ304N1099	7/1/19-6/30/20	72,771	\$ (1,558)			1,558					
School Breakfast Program	10.553	211NJ304N1099	7/1/20-6/30/21	17,323	-	-	-	16,396	17,323	(927)	-	-	(927)
Total Child Nutrition Cluster									103,979				
Total U.S. Department of Agriculture					(1,558)	-	-	88,569	103,979	(16,968)	-	-	(16,968)
U.S. Department of Health and Human Services													
General Fund													
Medical Assistance Program (SEMI)	93.778	2105NJ5MAP	7/1/20-6/30/21	73,392	-	-	-	73,392	73,392	-	-	-	-
Total U.S. Department of Health and Human Services					-	-	-	73,392	73,392	-	-	-	-
U.S. Department of Education Passed-through State Department of Education													
Special Revenue Fund													
I.D.E.A. Part B, Basic	84.027	H027A200100	7/1/20-9/30/21	275,525				275,525	275,525				-
I.D.E.A. Part B, Preschool	84.173	H173A200114	7/1/20-9/30/21	6,710				6,710	6,710				-
Total Special Education Cluster (IDEA)									282,235				
CARES Emergency Relief Grant	84.425D	S425D200027	3/13/20-9/30/22	185,510				175,541	175,901	\$ (9,969)	\$ 9,609		(360)
CRRSA - ESSER II	84.425D	S425D210027	3/13/20-9/30/23	718,634						(718,634)	718,634		-
CRRSA - Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	46,119						(46,119)	46,119		-
CRRSA - Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000						(45,000)	45,000		-
Digital Divide	84.425D	S425D200027	7/16/20-10/31/20	151,461				151,461	151,366	-	95		-
Total CARES Cluster									327,267				
Coronavirus Relief Grant	21.019		7/1/20-6/30/21	83,584				83,584	79,566	-	4,018		
Coronavirus Relief Grant (County of Bergen)	21.019		7/1/20-6/30/21	52,770				52,770	46,739	-	6,031		
									126,305				
E.S.E.A. Title III	84.365	S365A200030	7/1/20-9/30/21	14,259		124	(5,939)	15,464	14,204	(4,734)	179		(4,555)
Title III	84.365	S365A190030	7/1/19-9/30/20	13,566	(5,815)	(124)	5,939						
Total English Language Acquisition Cluster (Title III)									14,204				
Title I	84.010	S010A200030	7/1/20-9/30/21	221,556		988	(68,070)	229,642	222,544	(59,984)	-		(59,984)
Title I	84.010	S010A190030	7/1/19-9/30/20	218,840	(67,082)	(988)	68,070						
Title IIA	84.367A	S367A200029	7/1/20-9/30/21	42,109		17,620	(39,468)	48,899	36,596	(32,678)	23,133		(9,545)
Title IIA	84.367A	S367A190029	7/1/19-9/30/20	35,810	(21,848)	(17,620)	39,468						
Title IV	84.424	S424A200031	7/1/20-9/30/21	16,157		3,960	(9,700)	20,690	20,117	(5,167)	-		(5,167)
Title IV	84.424	S424A190031	7/1/19-9/30/20	13,649	(5,740)	(3,960)	9,700						
Total U.S. Department of Education					(100,485)	-	-	1,060,286	1,029,268	(922,285)	852,818	-	(79,611)
Total Federal Financial Assistance					\$ (102,043)	\$ -	\$ -	\$ 1,222,247	\$ 1,206,639	\$ (939,253)	\$ 852,818	\$ -	\$ (96,579)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

WALLINGTON BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

601

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2020			June 30, 2021			Memo Only			
				Accounts Receivable	Unearned Revenue/ Interfund	Due to Grantor	Cash Received	Budgetary Expenditures	Accounts Receivable	Unearned Revenue/ Interfund	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education													
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 1,179,528				\$ 1,067,944	\$ 1,179,528	\$ (111,584)		\$ 1,179,528		
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	1,179,528	\$ (108,475)			108,475						
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	258,918				234,424	258,918	(24,494)		258,918		
Security Aid	20-495-034-5120-084	7/1/18-6/30/20	258,918	(23,811)			23,811						
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	3,801,753				3,442,104	3,801,753	(359,649)		3,801,753		
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	3,665,585	(337,104)			337,104						
Total State Aid - Public Cluster								5,240,199			5,240,199		
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	166,028				150,322	166,028	(15,706)		166,028		
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	166,028	(15,269)			15,269						
Extraordinary Aid	21-100-034-5120-044	7/1/20-6/30/21	371,398					371,398	(371,398)		371,398		
Extraordinary Aid	20-100-034-5120-044	7/1/19-6/30/20	277,129	(277,129)			277,129						
On Behalf TPAF Aid:													
TPAF NCGI	21-495-034-5094-004	7/1/20-6/30/21	41,226				41,226	41,226			41,226		
TPAF Normal	21-495-034-5094-002	7/1/20-6/30/21	2,166,810				2,166,810	2,166,810			2,166,810		
TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	1,476				1,476	1,476			1,476		
TPAF Post-Retirement Medical	21-495-034-5094-001	7/1/20-6/30/21	691,964				691,964	691,964			691,964		
Reimbursed TPAF Social Security	21-495-034-5094-003	7/1/20-6/30/21	639,080				576,372	639,080	(62,708)	\$ (62,708)	639,080		
Reimbursed TPAF Social Security	20-495-034-5094-003	7/1/19-6/30/20	599,709	(60,553)			60,553						
Total General Fund				(822,341)	-	-	9,194,983	9,318,181	(945,539)	-	(62,708)	9,318,181	
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	5,470				4,334	5,470	(1,136)		(1,136)	5,470	
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	1,326	(24)			24						
Total Food Service Fund				(24)	-	-	4,358	5,470	(1,136)	-	(1,136)	5,470	
Total State Financial Assistance Subject to Single Audit Determination				\$ (822,365)	\$ -	\$ -	9,199,341	9,323,651	\$ (946,675)	\$ -	\$ -	\$ (63,844)	\$ 9,323,651
Less:													
On-Behalf Assistance Not Included in Single Audit and Major Program Determination													
TPAF NCGI							(41,226)	(41,226)					
TPAF Normal							(2,166,810)	(2,166,810)					
TPAF Long-Term Disability Insurance							(1,476)	(1,476)					
TPAF Post-Retirement Medical							(691,964)	(691,964)					
Total State Financial Assistance Subject to Major Program Determination							\$ 6,297,865	\$ 6,422,175					

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

**WALLINGTON BOARD OF EDUCATION
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 present the activity of all federal and state financial assistance programs of the Wallington Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and 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 basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$121,043 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 73,392	\$ 9,197,138	\$ 9,270,530
Special Revenue Fund	1,029,268		1,029,268
Food Service Fund	<u>103,979</u>	<u>5,470</u>	<u>109,449</u>
Total Financial Assistance	<u>\$ 1,206,639</u>	<u>\$ 9,202,608</u>	<u>\$ 10,409,247</u>

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021****NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$639,080 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. The amount reported as TPAF Pension System Contributions in the amount of \$2,208,036, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$691,964 and TPAF Long-Term Disability Insurance in the amount of \$1,476 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021.

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

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

**WALLINGTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified: yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

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

Federal Awards Section

Internal Control over major programs:

1) Material weakness(es) identified: yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN #</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A200100</u>	<u>IDEA Part B, Basic</u>
<u>84.173</u>	<u>H173A200114</u>	<u>IDEA Part B, Preschool</u>
<u>84.425D</u>	<u>S425D210027</u>	<u>ESF - CRRSA/ESSER</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? yes X no

**WALLINTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 of *Government Auditing Standards*.

Finding 2021-001

The audit of the outstanding accounts payable report revealed certain outstanding purchase orders were invalid.

Criteria or specific requirement

Internal controls over year end closing procedures of open purchase orders.

Condition

Certain accounts payable in the General Fund were determined to have been invalid and do not reflect amounts due by the District.

Context

Purchase order balances reported as accounts payable in the amount of \$315,197 were determined to be invalid.

Effect

The General Fund financial statements do not properly reflect outstanding liabilities and fund balance at year end. Audit adjustments were made to properly report balances in the CAFR.

Cause

Unknown.

Recommendation

The outstanding purchase order report be periodically reviewed for validity of obligations and cancellations be made accordingly.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated that corrective action will be taken.

**WALLINTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 of *Government Auditing Standards*.

Finding 2021-002:

Our audit of the District's capital assets revealed the capital assets report provided for audit did not accurately reflect all current year additions.

Criteria or specific requirement:

Generally Accepted Accounting Principles.

Condition:

The District's capital assets report provided for audit did not accurately include all additions for the fiscal year ended June 30, 2021.

Context:

- Capital asset additions in the amount of \$351,740 per the District's accounting records were not added to the capital assets report.
- The prior year construction in progress balance of \$534,215 was not added to the capital assets report.

Effect:

The District capital asset records do not agree with actual values of District owned assets. The unrecorded capital assets were reflected in the district wide financial statements presented in the CAFR.

Cause:

All capital assets acquired during the year were not identified and recorded in the District's capital assets accounting records.

Recommendation:

All current year additions be properly reflected in the District's capital assets report.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken.

**WALLINGTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**WALLINGTON BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.