

SCHOOL DISTRICT
OF
WASHINGTON BOROUGH

Washington Borough School District
Board of Education
Washington, Warren County
New Jersey

Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2021

Annual Comprehensive

Financial Report

of the

Washington Borough School District

Board of Education

Washington, New Jersey

For the Fiscal Year Ending June 30, 2021

Prepared by

Washington Borough School District

Board of Education

Finance Department

OUTLINE OF ACFR

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Introductory Section

WASHINGTON BOROUGH PUBLIC SCHOOLS
Jacqueline Nassry, Superintendent of Schools
Tim Mantz, Business Administrator

Memorial School ~ 300 West Stewart Street ~ Washington, NJ 07882
Tel (908) 689-0241 ~ Fax (908) 689-8269
Taylor Street School ~ 16-24 Taylor Street ~ Washington, NJ 07882
Tel (908) 689-0091 ~ Fax (908) 689-8273

Honorable President and
Members of the Board of Education
Washington Borough School District
Warren County, Washington, N.J. 07882

January 26, 2022

Dear Board Members:

The comprehensive annual financial report of the Washington Borough 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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introduction, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report there on. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. This District is required to under go an annual single audit in conformity with the provisions of the single Audit Action of 1996 and the U.S. Office of Management and Budget Uniform Guidance, "Audits of State and Local Governments" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aide Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** Washington Borough School District is an independent reporting entity within the criteria adopted by the GASB as

established by NCGA Statement No. 3. All funds and account groups of the district are included in this report. The Washington Borough Board of Education and all of its schools constitute the District's reporting entity.

The District provided a full range of educational services appropriate to grade level K through 6. This included regular, as well as special education for handicapped youngsters. The District completed the 2020-21 fiscal year with an enrollment of 495 students. The following details the changes in the student enrollment of the District over the last twenty years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2010-11	543	(4.34%)
2011-12	556	2.4%
2012-13	550	(1.08%)
2013-14	560	1.8%
2014-15	566	1.07%
2015-16	548	(3.18%)
2016-17	502	(8.39%)
2017-18	476	(5.18%)
2018-19	493	3.57%
2019-20	495	.41%
2020-21	501	1.21%

2) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with the generally accepted accounting principles (GAAP).

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- (1) The cost of control should not exceed the benefits likely to be derived:
- (2) The valuation of costs and benefits requires estimated 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 description earlier, test 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.

3) **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 votes of the municipality.

Annual appropriated budgets are adopted for the general fund, project length budgets are approved to the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

4) **ACCOUNTING SYSTEM AND REPORTS:** The districts account records reflect generally accepted account principals, as promulgated by the governmental accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account programs. These funds and account groups.

5) **FINANCIAL INFORMATION AT FISCAL YEAR - END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

6) **DEBT ADMINISTRATION:** At June 30, 2021 the district's outstanding debt is \$ 1,733,359.44.

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

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

10) **OTHER INFORMATION:**

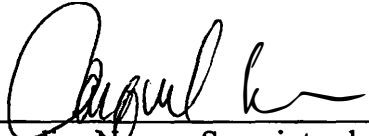
(A) Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Ardito and Company LLC, Accountants and Auditors was appointed by the Washington Borough Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and

the related OMB Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining 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 Washington Borough Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial accounting and secretarial staff.

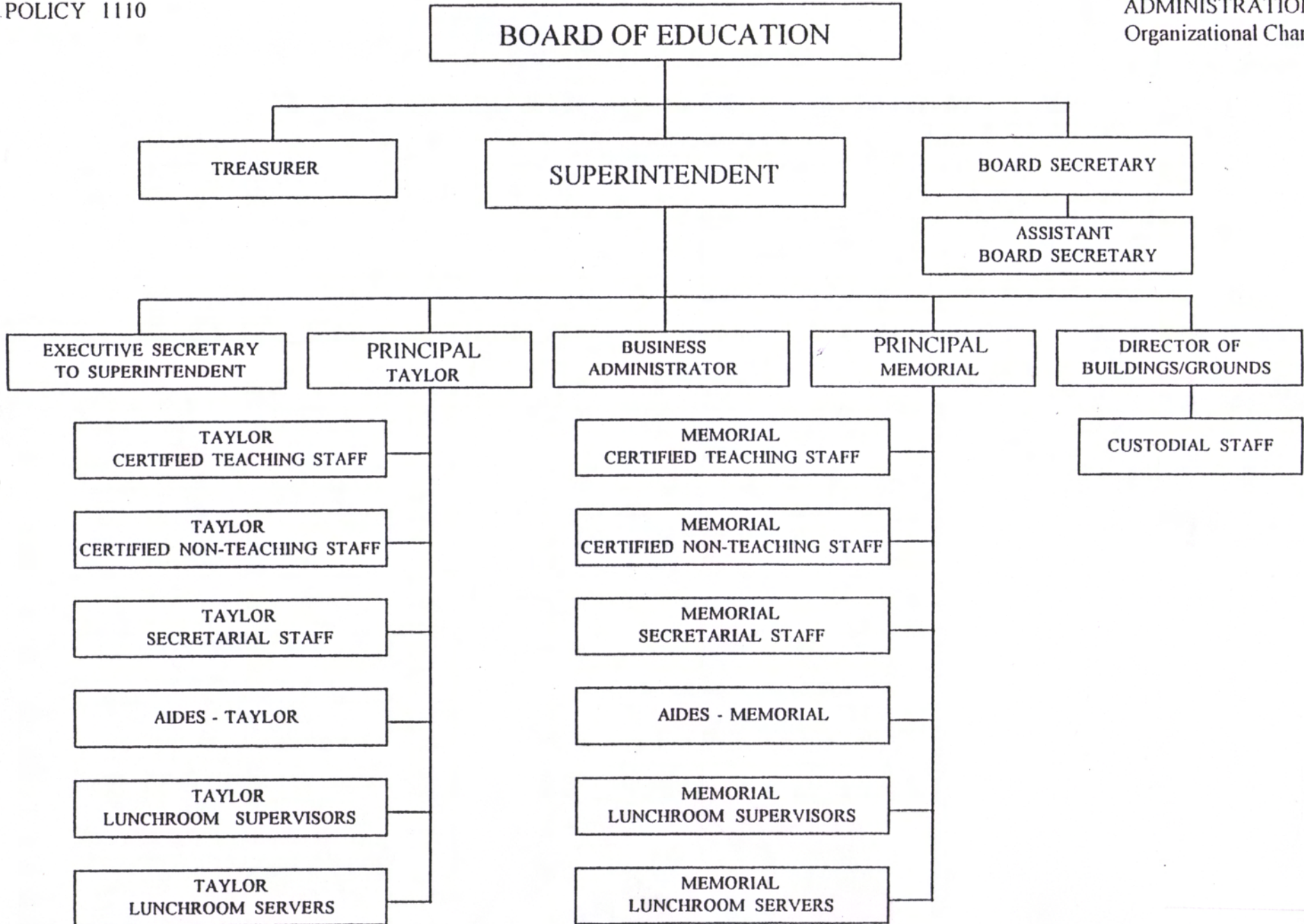
Respectfully submitted,



Jacqueline Nassry, Superintendent



Tim Mantz, School Business Administrator



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* The Board Attorney, while not represented on organizational chart, reports directly to the Board of Education.

**WASHINGTON BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2021

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Bartley Howley, <i>President</i>	2023
Melissa Vitalos, <i>Vice-President</i>	2021
Kristin Dufner	2021
Lisa Eller	2022
Ana Del Salto	2023
Carmine Freda	2023
Holly Masenior	2022
Chris Bauknight	2021

Other Officials

Jacqueline Nassry, *Superintendent*

Tim Mantz, *Business Administrator/Board Secretary*

Cindy L. Hanics, *Treasurer*

John M. Zaiter, Esquire, *Solicitor*

**WASHINGTON BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ARCHITECT

The Spiegle Architectural Group
120 Sanhican Drive
Trenton, NJ 08618

AUDIT FIRM

Ardito & Company LLC
1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192

ATTORNEY

BROSCIOUS, FISCHER & ZAITER
43 Broad Street
Washington, New Jersey 07882

OFFICIAL DEPOSITORIES

PNC Bank
Washington, New Jersey 07882

Financial Section

Independent Auditor's Report



ARDITO & COMPANY LLC

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Frenchtown, New Jersey 08825-1192
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Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Washington Borough School District
County of Warren
Washington, New Jersey 07882

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Washington Borough School District Board of Education, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States, and audit requirements as prescribed by the 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 of material misstatement.

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

-Continued-

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, business-type activities, each major fund, and the aggregate remaining fund information of the Washington Borough School District Board of Education, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 Washington Borough School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's 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.

-Continued-

The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been 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 January 26, 2022, on our consideration of the Washington Borough School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the District's internal control over financial reporting and compliance.

Ardito & Company LLC

ARDITO & COMPANY LLC

January 26, 2022

Anthony Ardito

Anthony Ardito

Licensed Public School Accountant No. 2369

Required Supplementary Information - Part I

Management's Discussion and Analysis

WASHINGTON BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

The discussion and analysis of Washington Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- ◆ In total, Net Position increased \$770,130 which represents a 80.7% decrease from 2020.
- ◆ General revenues accounted for \$5,468,395 in revenue or 42.0% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$7,550,716 or 58.0% of total revenues of \$13,019,111.
- ◆ Total assets of governmental activities increased by \$1,387,955, as cash and cash equivalents increased by \$1,100,719, receivables increased by \$510,876, and capital assets decreased by \$222,566.
- ◆ The School District had \$12,248,981 in expenses; only \$7,550,716 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,468,395 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$10,021,057 in revenues and \$9,108,518 in expenditures. The General Fund's surplus balance increased \$912,539 over 2020, which compares favorably to the budgeted decrease of \$398,803.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Washington Borough School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Washington Borough School District, the General Fund is by far the most significant fund.

WASHINGTON BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 26. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

WASHINGTON BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Governmental Funds

The School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District’s Net Position for 2021 compared to 2020.

Table 1
Net Position

	<u>2021</u>	<u>2020</u>
Assets		
Current and Other Assets	\$ 4,342,872	\$ 2,732,351
Capital Assets	919,887	1,142,453
Total Assets	<u>5,262,759</u>	<u>3,874,804</u>
Deferred Outflows of Resources	<u>389,351</u>	<u>407,177</u>
Liabilities		
Long-Term Liabilities	3,458,697	3,837,784
Other Liabilities	1,456,943	675,305
Total Liabilities	<u>4,915,640</u>	<u>4,513,089</u>
Deferred Inflows of Resources	<u>920,533</u>	<u>723,085</u>
Net Position		
Invested in Capital Assets, Net of Debt	(855,113)	(917,547)
Restricted	2,529,888	1,518,145
Unrestricted	<u>(1,858,838)</u>	<u>(1,554,791)</u>
Total Net Position	<u>\$ (184,063)</u>	<u>\$ (954,193)</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Total assets of governmental activities increased by \$1,387,955, as cash and cash equivalents increased by \$1,100,719, receivables increased by \$510,876, and capital assets decreased by \$222,566.

The cash increase was mainly due operational results of revenues over expenditures. Receivables increased due to CRRSA COVID grants received in the subsequent year. The decrease in capital assets was entirely due to depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2020.

Table 2
Changes in Net Position

	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 5,237	\$ 95,696
Operating Grants and Contributions	7,545,479	5,436,058
General Revenues:		
Property Taxes	5,450,337	5,345,608
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	5,479	6,080
Other	<u>12,579</u>	<u>5,546</u>
Total Revenues	<u>13,019,111</u>	<u>10,888,988</u>
Program Expenses		
Instruction	6,681,081	6,009,296
Support Services:		
Tuition	35,650	181,128
Pupils and Instructional Staff	2,353,441	1,725,297
General Administration, School Administration, Business	838,332	802,307
Operations and Maintenance of Facilities	1,927,947	1,340,431
Pupil Transportation	87,760	174,577
Business-Type Activities	206,019	145,642
Interest and Fiscal Charges	<u>118,751</u>	<u>114,308</u>
Total Expenses	<u>12,248,981</u>	<u>10,492,986</u>
Increase in Net Position	<u>\$ 770,130</u>	<u>\$ 396,002</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 41.9% percent of revenues for governmental activities for the Washington Borough School District for the fiscal year 2021.

Instruction comprises 54.5% of district expenses. Support services expenses make up 42.8% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2020. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>
Instruction	\$ 6,681,081	\$ 2,512,594	\$ 6,009,296	\$ 2,692,295
Support Services:				
Tuition	35,650	17,609	181,128	97,157
Pupils and Instructional Staff	2,353,441	642,734	1,725,297	802,053
General Admin., School Admin., Business	838,332	414,089	802,307	430,355
Operation and Maintenance of Facilities	1,927,947	952,297	1,340,431	719,003
Pupil Transportation	87,760	43,349	174,577	93,643
Business-Type Activities	206,019	(3,158)	145,642	12,418
Interest and Fiscal Charges	<u>118,751</u>	<u>118,751</u>	<u>114,308</u>	<u>114,308</u>
Total Expenses	<u>\$ 12,248,981</u>	<u>\$ 4,698,265</u>	<u>\$ 10,492,986</u>	<u>\$ 4,961,232</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District and unallocated depreciation.

The dependence upon tax revenues is apparent. Over 37.6% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 39.5%. The community, as a whole, is the primary support for the Washington Borough School District.

The School District's Funds

Information about the School District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$11,532,451 and expenditures of \$10,696,906. The General Fund's surplus balance increased \$912,539 over 2020, which compares favorably to the budgeted decrease of \$398,803.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2021 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$8,404,214, \$2,372 over original budgeted estimates of \$8,401,842. This difference was due primarily to an increase in miscellaneous revenues.

General fund revenues exceeded expenditures by \$924,372. Again this surplus compares to a budgeted deficit of \$398,803, which was due to the budgeted use of surplus required to balance the 2020-2021 budget. The budgeted deficit was reduced due to cost savings in the areas of instruction, tuition, transportation, maintenance, and benefits.

Overall general fund balance (budget basis) was \$3,297,183, and amounts ear-marked and reserved for future purposes were \$2,997,989, creating a surplus in unreserved fund balance of \$299,194. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

WASHINGTON BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Capital Assets

At the end of the fiscal year 2021, the School District had \$919,887 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2021 balances compared to 2020.

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

	<u>2021</u>	<u>2020</u>
Land Improvements	\$ 127,239	\$ 127,239
Buildings and Improvements	771,963	984,280
Machinery and Equipment	<u>20,685</u>	<u>30,934</u>
Totals	<u>\$ 919,887</u>	<u>\$ 1,142,453</u>

Overall capital assets decreased \$222,566 from fiscal year 2020 to fiscal year 2021. The decrease in capital assets was due to depreciation expense for the year.

No major capital improvements were purchased during fiscal year 2021.

Debt Administration

At June 30, 2021, the School District had \$1,806,000 as outstanding long term debt. Of this amount, \$31,000 is for compensated absences and \$1,775,000 is for bonds payable.

At June 30, 2021, the School District's overall legal debt margin was \$18,409,175 and the unvoted debt margin was the same.

WASHINGTON BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

For the Future

The Washington Borough School District is in very good financial condition presently. A major concern is the continued reliance on local property taxes.

In conclusion, the Washington Borough School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Tim Mantz, School Business Administrator/ Board Secretary at Washington Borough School District, 300 W.Stewart Street, Washington, NJ, 07882.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

JUNE 30, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 2,412,895	\$ 39,234	\$ 2,452,129
Receivables from Other Governments	620,007	11,459	631,466
Interfunds Receivable		2,991	2,991
Inventory		4,411	4,411
Restricted Assets:			
Capital Reserve Cash	1,251,875		1,251,875
Capital Assets, Net (Note 6):	919,887		919,887
Total Assets	5,204,664	58,095	5,262,759
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	389,351		389,351
LIABILITIES			
Accounts Payable	10	7,213	7,223
Payroll Deductions and Withholdings Payable	298,527		298,527
Interfunds Payable	2,991		2,991
Unearned Revenue	1,100,776	1,564	1,102,340
Accrued Interest	45,862		45,862
Net Pension Liability (Note 8)	1,652,697		1,652,697
Noncurrent Liabilities (Note 7):			
Due Within One Year	120,000		120,000
Due Beyond One Year	1,686,000		1,686,000
Total Liabilities	4,906,863	8,777	4,915,640
DEFERRED INFLOWS OF RESOURCES			
Gain on Refunding of Long-Term Debt	167,276		167,276
Pension Deferred Inflows	753,257		753,257
Total Deferred Inflows of Resources	920,533		920,533
NET POSITION			
Invested in Capital Assets, Net of Related Debt	(855,113)		(855,113)
Restricted for:			
Other Purposes	2,529,888		2,529,888
Unrestricted	(1,908,156)	49,318	(1,858,838)
Total Net Position	\$ (233,381)	\$ 49,318	\$ (184,063)

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular	\$ 5,117,512		\$ 3,377,233		\$ (1,740,279)		\$ (1,740,279)
Special Education	1,208,130		611,382		(596,748)		(596,748)
Other Special Instruction	355,439		179,872		(175,567)		(175,567)
Support Services:							
Tuition	35,650		18,041		(17,609)		(17,609)
Student & Instruction Related Serv.	2,353,441	\$ 5,000	1,705,707		(642,734)		(642,734)
School Administrative Services	230,714		116,754		(113,960)		(113,960)
General and Business Admin. Serv.	607,618		307,489		(300,129)		(300,129)
Plant Operations and Maintenance	1,927,947		975,650		(952,297)		(952,297)
Pupil Transportation	87,760		44,411		(43,349)		(43,349)
Interest on Long-Term Debt	96,494				(96,494)		(96,494)
Unallocated Depreciation	22,257				(22,257)		(22,257)
Total Governmental Activities	12,042,962	5,000	7,336,539		(4,701,423)		(4,701,423)
Business-Type Activities:							
Food Service	206,019	237	208,940			3,158	3,158
Total Business-Type Activities	206,019	237	208,940			3,158	3,158
Total Primary Government	\$ 12,248,981	\$ 5,237	\$ 7,545,479	-	\$ (4,701,423)	\$ 3,158	\$ (4,698,265)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 5,258,426		\$ 5,258,426
Taxes Levied for Debt Service					191,911		191,911
Investment Earnings					5,479		5,479
Miscellaneous Income					12,579		12,579
Total General Revenues, Special Items, Extraor. Items and Transfers					5,468,395		5,468,395
Change in Net Position					766,972	3,158	770,130
Net Position—Beginning					(1,012,940)	46,160	(966,780)
Prior Period Adjustments (See Note 20)					12,587		12,587
Net Position—Beginning (Restated)					(1,000,353)	46,160	(954,193)
Net Position—Ending					\$ (233,381)	\$ 49,318	\$ (184,063)

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

FUND FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 3,505,322	\$ 147,186	\$ 12,262	\$ 3,664,770
Receivables from Other Governments	-	617,498		617,498
Other Receivables	1,467	1,042		2,509
Interfund Receivables	-	216,276		216,276
TOTAL ASSETS	\$ 3,506,789	\$ 982,002	\$ 12,262	\$ 4,501,053
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 10			\$ 10
Payroll Deductions and Withholdings Payable	298,527			298,527
Interfund Payables	219,267			219,267
Unearned Revenue		\$ 1,100,776		1,100,776
Total Liabilities	517,804	1,100,776	-	1,618,580
Fund Balances:				
<u>Restricted for:</u>				
Capital Reserve Account	1,251,875			1,251,875
Excess Surplus	663,431			663,431
Excess Surplus - Designated for Subsequent Year's Expenditures	604,880			604,880
Student Activities		3,570		3,570
Scholarships		6,132		6,132
<u>Assigned to:</u>				
Year-End Encumbrances	477,803			477,803
<u>Unassigned:</u>				
Debt Service Fund			\$ 12,262	12,262
Special Revenue Fund		(128,476)		(128,476)
General Fund	(9,004)			(9,004)
Total Fund Balances	2,988,985	(118,774)	12,262	2,882,473
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,506,789	\$ 982,002	\$ 12,262	\$ 4,501,053

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 \$6,848,475 and the accumulated depreciation is \$5,928,589.	\$ 919,887
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8)	389,351
Deferred Inflows related to pension actuarial gains and gains on refunding of Long-Term debt are not reported as liabilities in the fund statements (See Note 7 and 8)	(920,533)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)	(1,652,697)
Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(45,862)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(1,806,000)
Net Position of governmental activities	<u>\$ (233,381)</u>

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 5,258,426		\$ 191,911	\$ 5,450,337
Miscellaneous	5,792	\$ 5,005	12,261	23,058
Total - Local Sources	<u>5,264,218</u>	<u>5,005</u>	<u>204,172</u>	<u>5,473,395</u>
State Sources	4,736,914	828,234		5,565,148
Federal Sources	19,925	473,983		493,908
Total Revenues	<u>10,021,057</u>	<u>1,307,222</u>	<u>204,172</u>	<u>11,532,451</u>
EXPENDITURES				
Current:				
Regular Instruction	2,126,915	880,974		3,007,889
Special Education Instruction	756,616			756,616
Other Special Instruction	222,827			222,827
Support services and undistributed costs:				
Tuition	22,349			22,349
Student and Instruction Related Services	960,653	514,733		1,475,386
School Administrative Services	144,636			144,636
Other Administrative Services	380,919			380,919
Plant Operations and Maintenance	1,208,641			1,208,641
Pupil Transportation	55,017			55,017
Unallocated Benefits	3,194,328			3,194,328
Transfer to Charter School	23,132			23,132
Debt Service:				
Principal			115,000	115,000
Interest and Other Charges			76,913	76,913
Capital Outlay	12,485	768		13,253
Total Expenditures	<u>9,108,518</u>	<u>1,396,475</u>	<u>191,913</u>	<u>10,696,906</u>
Excess (Deficiency) of				
Revenues Over Expenditures	<u>912,539</u>	<u>(89,253)</u>	<u>12,259</u>	<u>835,545</u>
Fund Balance—July 1	2,076,446	(42,108)	3	2,034,341
Prior Period Adjustment-See Note 20	-	12,587	-	12,587
Fund Balance—July 1 (Restated)	<u>2,076,446</u>	<u>(29,521)</u>	<u>3</u>	<u>2,046,928</u>
Fund Balance—June 30	<u>\$ 2,988,985</u>	<u>\$ (118,774)</u>	<u>\$ 12,262</u>	<u>\$ 2,882,473</u>

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-3

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

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 835,545						
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>							
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>							
	<table border="0"> <tr> <td style="padding-right: 20px;">Depreciation Expense</td> <td style="padding-right: 20px;">\$ (222,566)</td> <td></td> </tr> <tr> <td>Capital Outlays</td> <td style="text-align: center;">_____ -</td> <td style="text-align: right;">(222,566)</td> </tr> </table>	Depreciation Expense	\$ (222,566)		Capital Outlays	_____ -	(222,566)
Depreciation Expense	\$ (222,566)						
Capital Outlays	_____ -	(222,566)					
<p>Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.</p>							
	43,089						
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>							
	115,000						
<p>In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned.</p>							
	3,000						
<p>In the statement of activities, premiums on long-term debt are amortized over the life of the issue in the statement of activities. In the governmental funds, premiums are reported when received.</p>							
	2,724						
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which current year's amount of interest accrual exceeds the prior year's amount.</p>							
	<table border="0"> <tr> <td style="text-align: right;">(9,820)</td> </tr> <tr> <td style="text-align: right;">_____</td> </tr> </table>	(9,820)	_____				
(9,820)							

Change in Net Position of Governmental Activities (A-2)	<u>\$ 766,972</u>						

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

JUNE 30, 2021

		Business-Type Activities- Enterprise Funds	
		Food Service	Totals
ASSETS			
Current assets:			
Cash and Cash Equivalents		\$ 39,234	\$ 39,234
Accounts Receivable		11,459	11,459
Interfund Receivables		2,991	2,991
Inventories		4,411	4,411
Total Current Assets		<u>58,095</u>	<u>58,095</u>
Total Assets		<u>58,095</u>	<u>58,095</u>
LIABILITIES			
Current liabilities:			
Accounts Payable		7,213	7,213
Deferred Revenue		1,564	1,564
Total Current Liabilities		<u>8,777</u>	<u>8,777</u>
Total Liabilities		<u>8,777</u>	<u>8,777</u>
NET POSITION			
Unrestricted		49,318	49,318
Total Net Position		<u>\$ 49,318</u>	<u>\$ 49,318</u>

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

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

	Business-type Activities- Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 237	\$ 237
Daily Sales - Non-Reimb. Programs	-	-
Miscellaneous	-	-
Total Operating Revenues	<u>237</u>	<u>237</u>
Operating Expenses:		
Cost of Sales - Reimbursable Programs	103,575	103,575
Cost of Sales - Non-reimbursable Programs	-	-
Salaries	28,678	28,678
Employee Benefits	8,892	8,892
Supplies	6,910	6,910
Utilities	50,000	50,000
Administrative Expenses	2,070	2,070
Other Purchased Professional Services	5,894	5,894
Total Operating Expenses	<u>206,019</u>	<u>206,019</u>
Operating Income (Loss)	<u>(205,782)</u>	<u>(205,782)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	5,916	5,916
Federal Sources:		
National School Lunch Program	120,187	120,187
National School Breakfast Program	75,836	75,836
Food Distribution Program	7,001	7,001
Total Nonoperating Revenues (Expenses)	<u>208,940</u>	<u>208,940</u>
Income (Loss) Before Contributions and Transfers	3,158	3,158
Transfers In (Out)		-
Change in Net Position	<u>3,158</u>	<u>3,158</u>
Total Net Position—Beginning	46,160	46,160
Total Net Position—Ending	<u>\$ 49,318</u>	<u>\$ 49,318</u>

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	Business-Type Activities- Enterprise Funds	
	<u>Food Service</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 237	\$ 237
Payments to Employees	(28,678)	(28,678)
Payments for Employee Benefits	(8,892)	(8,892)
Payments to Suppliers	(153,636)	(153,636)
Net Cash Provided by (used for) Operating Activities	(190,969)	(190,969)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	5,443	5,443
Federal Sources	185,709	185,709
Operating Subsidies and Transfer from Other Funds	-	-
Net Cash Provided by (used for) Non-Capital Financing Activities	191,152	191,152
Net Increase (Decrease) in Cash and Cash Equivalents	183	183
Balances—Beginning of Year	39,051	39,051
Balances—End of Year	\$ 39,234	\$ 39,234
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (205,782)	\$ (205,782)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Operating Transfers (Non-Cash)		-
Federal Commodities	7,001	7,001
(Increase) Decrease in Accounts Receivable	-	-
(Increase) Decrease in Inventories	1,074	1,074
Increase (Decrease) in Accounts Payable	6,738	6,738
Total Adjustments	14,813	14,813
Net Cash Provided by (used for) Operating Activities	\$ (190,969)	\$ (190,969)

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

Notes to Financial Statements

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provided for the most significant change in financial reporting in over twenty years and was phased-in (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, and GASB No. 84, Fiduciary Activities. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2020.

A. Reporting Entity:

The Washington Borough School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Washington Borough School District had an approximate enrollment at June 30, 2021, of 501 students.

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Additionally, the District reports the following fund type:

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund and the Payroll Agency Fund.

Measurement Focus-Basis of Accounting

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

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

D. Encumbrance Accounting:

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Allowance for Uncollectible Accounts:

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

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

District employees are not allowed to accrue vacation time beyond the current period. The District's policy allow all district teaching staff employees to accrue sick leave. At present, the District pays stipends for sick leave based upon attendance. There is no other provision for the accrual of sick leave.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

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

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2021 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

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

Fund Balance Reserves:

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

Revenues—Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2021, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2021, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents (A-1)
Capital Reserve	\$ 1,251,875
Checking Accounts	<u>2,452,129</u>
	<u>\$ 3,704,004</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$3,704,004 and the bank balance was \$4,046,930. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$3,796,930 was covered by collateral pool.

NOTE 3: RECEIVABLES

Receivables at June 30, 2021, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
Federal Aid	\$ 617,498	\$ 628,477
State Aid	-	480
Other	<u>2,509</u>	<u>2,509</u>
Gross Receivable	620,007	631,466
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 620,007</u>	<u>\$ 631,466</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2021, consisted of the following:

Food	\$ 3,969
Supplies	<u>442</u>
	<u>\$ 4,411</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

NOTE 6: CAPITAL ASSETS

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
Total Capital Assets Not Being Depreciated	-	-	-	-
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	\$ 127,239			\$ 127,239
Buildings and Building Improvements	6,512,021			6,512,021
Machinery and Equipment	209,216			209,216
Total at Historical Cost	<u>6,848,476</u>	-		<u>6,848,476</u>
Less Accumulated Depreciation for:				
Building and Improvements	(5,527,741)	\$ (212,317)		(5,740,058)
Equipment	(178,282)	(10,249)		(188,531)
Total Accumulated Depreciation	<u>(5,706,023)</u>	<u>(222,566)</u>		<u>(5,928,589)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>1,142,453</u>	<u>(222,566)</u>		<u>919,887</u>
Government Activity Capital Assets, Net	<u>\$ 1,142,453</u>	<u>\$ (222,566)</u>		<u>\$ 919,887</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6: CAPITAL ASSETS - (CONTINUED)

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 200,309
Unallocated	<u>22,257</u>
Total	<u>\$ 222,566</u>

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

NOTE 7: LONG-TERM OBLIGATIONS

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2021, are as follows:

	<u>Balance</u> <u>7/1/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2021</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$2,060,000		\$ 285,000	\$1,775,000	\$120,000
Other Liabilities:					
Compensated Absences Payable	34,000		3,000	31,000	
Total	<u>\$2,094,000</u>		<u>\$288,000</u>	<u>\$1,806,000</u>	<u>\$120,000</u>

Compensated absences and capital leases have ben liquidated in the General Fund.

On April 15, 2021, \$1,655,000 in School Bonds were issued to advance refund \$1,825,000 of the board's outstanding callable series 2011 bonds, maturing on July 15 in the years 2022 through 2033, at a redemption price of 100% of the principal amount on the call date, and when due, interest accrued on the refunded bonds. The proceeds along with original issue premium were used to refund the 2011 bonds and pay for costs of issuance.

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 7: LONG-TERM OBLIGATIONS- (CONTINUED)

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2021, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			Balance <u>6/30/21</u>
	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	
Refunding School Bonds Series 2011	12/28/11	3.41%-4.23%	7/15/21	\$ 120,000
Refunding School Bonds Series 2021	4/15/21	4.0%	7/15/33	<u>1,655,000</u>
Total Bonds				<u>\$ 1,775,000</u>

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2021, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 120,000	\$ 49,659	\$ 169,659
2023	110,000	64,000	174,000
2024	110,000	59,600	169,600
2025	120,000	55,000	175,000
2026	125,000	50,100	175,100
Thereafter	<u>1,190,000</u>	<u>200,000</u>	<u>1,390,000</u>
	<u>\$ 1,775,000</u>	<u>\$ 478,359</u>	<u>\$ 2,253,359</u>

As of June 30, 2021, the District had no authorized but not issued bonds.

C. Deferred Gain of Refunding Issues:

For the District-wide financial statements, governmental activity debt issuance premiums are amortized straight-line over the life of the specific bonds (13 years) for the 2021 Refunding Bonds. Amortization of the premium for the year ended June 30, 2021 was \$2,724. The balance of deferred premiums at June 30, 2021 for all issues is \$167,276.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies - 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 Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. 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.

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$23,873,194 as measured on June 30, 2020 and \$20,507,116 measured on June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,484,537 and revenue of \$1,484,537 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2021 is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2020. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2019 and June 30, 2020.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>6/30/2019</u>	<u>6/30/2020</u>
Collective deferred outflows of resources	\$10,077,460,797	\$9,589,140,982
Collective deferred inflows of resources	\$17,525,379,167	\$14,409,361,877
Collective net pension liability (Nonemployer-State of New Jersey)	\$61,370,943,870	\$65,848,796,740
State's portion of the net pension liability that was associated with the district	\$20,507,116	\$23,873,194
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.033415%	0.036255%

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

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45%
Therafter	2.75-5.65%
Investment Rate of Return:	7.00%

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.

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-US devel.markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yeild	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk mitigation	3.00%	3.40%

Discount rate - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2020, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(4.40%)</u>	<u>(5.40%)</u>	<u>(6.40%)</u>
State's Collective Net Pension Liability	\$ 77,517,093,055	\$ 65,993,498,688	\$ 56,425,087,777

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2020 was \$21,529,179,998.

Amortization of Deferred Outflows and Inflows of Resources - Amount reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in the state's pension expense as follows:

	<u>Year Ended June 30:</u>
2021	(\$262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	<u>(335,285,618)</u>
Total	<u>(\$4,965,440,613)</u>

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2020 are as follows:

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

Service cost	\$1,643,902,335
Interest on total ension liability	4,680,942,056
Benefit Changes	(16,738,469)
Member contributions	(867,037,595)
Administrative expens	13,511,148
Expected investment return net of investment expenses	(1,525,370,804)
Pension expense related to specific liabilities of individual employers	4,749,837
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	177,152,462
Changes in assumptions	(394,786,992)
Difference between projected and actual investment earnings on pension plan investments	<u>387,432,792</u>
Total pension expense	<u>\$4,103,756,770</u>

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

Summary of Significant Accounting Policies - 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

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

At June 30, 2021, the District reported a liability of \$1,652,697 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 valuation was determined by an experience study for the period July 1, 2014 to June 30, 2018. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2020 and 2019. At June 30, 2020, the District's proportion was 0.01013% which was an increase of 0.00046% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$83,833. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 30,093	\$ 5,845
Changes of assumptions	53,615	692,000
Net difference between projected and actual earnings on pension plan investments	56,491	-
Changes in proportion and differences between District contributions and proportionate share of contributions	138,284	55,412
District contributions subsequent to the measurement date	110,868	
Total	<u>\$ 389,351</u>	<u>\$ 753,257</u>

\$110,868 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability measured as of June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2021	(\$176,564)
2022	(160,973)
2023	(91,992)
2024	(37,200)
2025	(8,046)
Total	<u>(\$474,774)</u>

	<u>6/30/2019</u>	<u>6/30/2020</u>
Collective deferred outflows of resources	\$3,149,522,616	\$2,347,583,337
Collective deferred inflows of resources	7,645,087,574	7,849,949,467
Collective net pension liability (Non State - Local Group)	\$18,018,482,972	\$16,307,384,832
District's portion of net pension liability	\$1,743,784	\$1,652,697
District's proportion %	0.00967775%	0.01013465%

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-US devel.markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yeild	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk mitigation	3.00%	3.40%

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 2,080,470	\$1,652,697	\$ 1,289,720

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2020 are as follows:

Service cost	\$165,745
Interest on total Pension liability	540,048
Benefit Changes	(3,702)
Member contributions	(117,811)
Administrative expens	2,818
Expected investment return net of investment expenses	(317,917)
Pension expense related to specific liabilities of individual employers	(1,476)
Recognition (amortization) of deferred inflows/outflows:	0
Differences between expected and actual experience	38,076
Changes in assumptions	(280,476)
Difference between projected and actual investment earnings on pension plan investments	<u>58,529</u>
Total pension expense	<u>\$83,833</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8: PENSION PLANS (Continued)

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee’s annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78’s effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems’ unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2021	\$110,868	100 %	-0-
6/30/2020	\$97,793	100	-0-
6/30/2019	\$100,464	100	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2021	\$1,038,112	100 %	-0-
6/30/2020	\$810,215	100	-0-
6/30/2019	\$671,624	100	-0-

During the fiscal year ended June 30, 2021, the State of New Jersey did contribute \$1,363,218 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$265,458 during the year ended June 30, 2021, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9: POST-RETIREMENT BENEFITS

Plan description and benefits provided

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPES plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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

Total Nonemployer OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

Actuarial assumptions and other imputes The June 30, 2021 GASB 75 reporting is based on a measurement date of June 30, 2020. The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018, for TPAF and PERS, respectively. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9: POST-RETIREMENT BENEFITS-(Continued)

Inflation rate	2.50%
Salary Increases Through 2026:	1.55-4.45% TPAF 2.00-6.00% PERS Based on service years
Salary Increases Thereafter:	1.55-4.45% TPAF 3.00-7.00% PERS Based on service years
Discount rate (2020)	2.21%
Discount rate (2019)	3.50%
Healthcare cost trend rates (PPO Plans)	5.6% decreasing to 4.5% after seven years
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%
Healthcare cost trend rates (HMO Plans)	5.6% decreasing to 4.5% after seven years
Healthcare cost trend rates (Prescription Drug Benefits)	7.0% decreasing to 4.5% after seven years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	4.50%
Retirees' share of benefit related Costs	Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9: POST-RETIREMENT BENEFITS-(Continued)

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2019	\$41,729,081,045
<u>Changes for the year:</u>	
Service Cost	1,790,973,822
Interest on the Total OPEB Liability	1,503,341,357
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	11,544,750,637
Changes of Assumptions	12,386,549,981
Gross Benefit Payments	(1,180,515,618)
Contributions from Members	<u>35,781,384</u>
Net changes	<u>26,080,881,563</u>
The State's Total OPEB Liability Balance at 6/30/2020	<u>\$67,809,962,608</u>
The State's total OPEB liability attributable to the District:	\$25,508,851

There were no changes of benefit terms.

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

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage -point lower or 1- percentage-point higher than the current discount rate:

	June 30, 2020		
	At 1% Decrease <u>1.21%</u>	At Discount Rate <u>2.21%</u>	At 1% Increase <u>3.21%</u>
Total OPEB Liability (School Retirees)	\$81,748,410,002	\$67,809,962,608	\$56,911,439,160

	June 30, 2019		
	At 1% Decrease <u>2.50%</u>	At Discount Rate <u>3.50%</u>	At 1% Increase <u>4.50%</u>
Total OPEB Liability (School Retirees)	\$49,298,534,898	\$41,729,081,045	\$35,716,321,820

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 9: POST-RETIREMENT BENEFITS-(Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage- point higher than the current healthcare cost trend rates:

	June 30, 2020		
	<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$54,738,488,540	\$67,809,962,608	\$83,375,182,975

	June 30, 2019		
	<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$34,382,902,820	\$41,729,081,045	\$51,453,912,586

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

For the year ended June 30, 2020, the board of education recognized OPEB expense and related revenue of \$1,156,164 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee’s OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$10,295,318,750	(\$9,170,703,615)
Changes of assumptions or other inputs	<u>11,534,251,250</u>	<u>(7,737,500,827)</u>
Total	<u>\$21,829,570,000</u>	<u>(\$16,908,204,442)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee’s OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$43,440,417
2022	43,440,417
2023	43,440,417
2024	43,440,417
2025	43,440,417
Thereafter	<u>4,704,163,473</u>
	<u>\$4,921,365,558</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10: DEFERRED COMPENSATION

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

Prudential Financial Planning

NOTE 11: COMPENSATED ABSENCES

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

District employees are not allowed to accrue vacation time beyond the current period. The District's policy allow all district teaching staff employees to accrue sick leave. At present, the District pays stipends for sick leave based upon attendance. There is no other provision for the accrual of sick leave.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, no liability existed for compensated absences in the proprietary fund types.

NOTE 12: RISK MANAGEMENT

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

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

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

The Board is not involved in claims or lawsuits incidental to its operations.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$2,988,985 General Fund fund balance at June 30, 2021, \$477,803 is reserved for encumbrances; \$1,268,311 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$604,880 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2022); \$1,251,875 has been reserved in the Capital Reserve Account; and (\$9,004) is unreserved and undesignated.

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Washington Borough School District Board of Education by inclusion of \$1. on September 26, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). 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. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2020	\$ 501,875
Deposits: Board Resolution June 14, 2021	<u>750,000</u>
Ending Balance, June 30, 2021	<u><u>\$ 1,251,875</u></u>

NOTE 16: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$663,431.

NOTE 17: INTERFUND RECEIVABLES AND PAYABLES

The amount of \$2,991 interfund receivable in the Food Service Fund represents state and federal lunch reimbursements received in the general fund and not yet transferred to the food service fund.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 18: 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 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.

NOTE 19: DEFICIT FUND BALANCES

The District has a deficit fund balance (Exhibit B-1) of \$118,774 in the Special Revenue Fund as of June 30, 2021, as reported in the fund statements (modified accrual basis). P.L.2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No.33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability.

Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficits do not alone indicate that the district is facing financial difficulties.

NOTE 20: PRIOR PERIOD ADJUSTMENT

Restatement of Prior Period:

As the Student Activity Fund does not meet the definition of a fiduciary activity prescribed in GASB No. 84 paragraph 11, the Student Activity Fund is to be reported in the *special revenue fund*. N.J.A.C. 6A:23A-16.12 governs the establishment and operation of the Student Activity Fund restricting expenditures within the fund and prohibiting the transfer of any unspent balances to any other fund.

The use of scholarship funds is restricted by the contributors. GASB No. 54 paragraph 30 provides that Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. Therefore, the Scholarship Fund is to be accounted for and reported in the *Special Revenue Fund*.

Governmental Activities Net Position:

Net Position (per A-2), June 30, 2020	\$ (1,012,940)
Restricted fund balance for Student Activities per GASB No. 84	6,460
Restricted fund balance for Scholarship Funds per GASB No. 84	<u>6,127</u>
Net Position (per A-2), June 30, 2020, as Restated	<u>\$ (1,000,353)</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 20: PRIOR PERIOD ADJUSTMENT - (Continued)

Governmental Funds:

Net Position (per B-2), June 30, 2020	\$ 2,034,341
Restricted fund balance for Student Activities per GASB No. 84	6,460
Restricted fund balance for Scholarship Funds per GASB No. 84	<u>6,127</u>
Net Position (per B-2), June 30, 2020, as Restated	<u>\$ 2,046,928</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,258,426		\$ 5,258,426	\$ 5,258,426	-
Miscellaneous	4,000		4,000	5,792	\$ 1,792
Total - Local Sources	<u>5,262,426</u>		<u>5,262,426</u>	<u>5,264,218</u>	<u>1,792</u>
State Sources:					
Equalization Aid	2,700,325		2,700,325	2,700,325	
Transportation Aid	27,569		27,569	27,569	
Special Education Aid	295,505		295,505	295,505	
Security Aid	96,092		96,092	96,092	
Other State Aid				580	580
TPAF Pension (On-Behalf - Non-Budgeted)				1,037,402	1,037,402
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				325,106	325,106
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				710	710
TPAF Social Security (Reimbursed - Non-Budgeted)				265,458	265,458
Total State Sources	<u>3,119,491</u>		<u>3,119,491</u>	<u>4,748,747</u>	<u>1,629,256</u>
Federal Sources:					
Medical Assistance Aid	19,925		19,925	19,925	
Total Federal Sources	<u>19,925</u>		<u>19,925</u>	<u>19,925</u>	
TOTAL REVENUES	<u>8,401,842</u>		<u>8,401,842</u>	<u>10,032,890</u>	<u>1,631,048</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	190,030	4,795	194,825	194,825	
Grades 1-5 - Salaries of Teachers	1,523,570	(70,399)	1,453,171	1,453,171	
Grades 6-8 - Salaries of Teachers	252,530	19,484	272,014	272,014	
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000		7,000		7,000

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	116,200	(16,605)	99,595	66,534	33,061
Other Purchased Services (400-500 series)	50,000	(15,000)	35,000	30,731	4,269
General Supplies	118,470	118,975	237,445	109,315	128,130
Textbooks					
Other Objects	5,000	(4,675)	325	325	
TOTAL REGULAR PROGRAMS - INSTRUCTION	2,262,800	36,575	2,299,375	2,126,915	172,460
SPECIAL EDUCATION - INSTRUCTION					
Learning/Language Disabilities:					
Salaries of Teachers	275,800	(40,000)	235,800	162,625	73,175
Other Salaries for Instruction	152,652		152,652	67,689	84,963
General Supplies	800		800	775	25
Total Learning/Language Disabilities	429,252	(40,000)	389,252	231,089	158,163
Resource Room/Resource Center:					
Salaries of Teachers	298,225	40,000	338,225	326,316	11,909
Other Salaries for Instruction	57,634		57,634	55,634	2,000
General Supplies	2,500		2,500		2,500
Total Resource Room/Resource Center	358,359	40,000	398,359	381,950	16,409
Autism:					
Salaries of Teachers	54,145		54,145	53,910	235
Other Salaries for Instruction	71,321		71,321	69,717	1,604
General Supplies	750	398	1,148	392	756
Total Autism	126,216	398	126,614	124,019	2,595
Preschool Disabilities - Part-Time:					
Other Salaries for Instruction	28,203		28,203	19,558	8,645
General Supplies	750		750		750
Total Preschool Disabilities - Part-Time	28,953		28,953	19,558	9,395
TOTAL SPECIAL EDUCATION - INSTRUCTION	942,780	398	943,178	756,616	186,562

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Basic Skills/Remedial - Instruction					
Salaries of Teachers	222,475		222,475	206,561	15,914
General Supplies	1,000	107	1,107	167	940
Total Basic Skills/Remedial - Instruction	<u>223,475</u>	<u>107</u>	<u>223,582</u>	<u>206,728</u>	<u>16,854</u>
Bilingual Education - Instruction					
Salaries of Teachers	94,667		94,667	16,099	78,568
Total Bilingual Education - Instruction	<u>94,667</u>		<u>94,667</u>	<u>16,099</u>	<u>78,568</u>
TOTAL INSTRUCTION	<u>3,523,722</u>	<u>37,080</u>	<u>3,560,802</u>	<u>3,106,358</u>	<u>454,444</u>
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State - Special	62,500		62,500	22,349	40,151
Tuition to CSSD & Regional Day Schools					
Tuition to Private Schools for the Disabled - Within State	137,009	25,611	162,620		162,620
Total Instruction	<u>199,509</u>	<u>25,611</u>	<u>225,120</u>	<u>22,349</u>	<u>202,771</u>
Health Services:					
Salaries	141,805		141,805	134,638	7,167
Purchased Professional and Technical Services	5,000		5,000	2,256	2,744
Supplies and Materials	3,000	1,571	4,571	4,563	8
Total Health Services	<u>149,805</u>	<u>1,571</u>	<u>151,376</u>	<u>141,457</u>	<u>9,919</u>
Other Supp. Services Students-Related Services:					
Salaries	72,040		72,040	68,040	4,000
Purchased Professional - Educational Services	275,000		275,000	219,980	55,020
Supplies and Materials	500		500	432	68
Total Other Supp. Services Students-Related Services	<u>347,540</u>		<u>347,540</u>	<u>288,452</u>	<u>59,088</u>
Other Supp. Services Students-Extra Services:					
Salaries	20,703		20,703	19,753	950
Total Other Supp. Services Students-Extra Services	<u>20,703</u>		<u>20,703</u>	<u>19,753</u>	<u>950</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	58,650		58,650	58,650	
Salaries of Secretarial and Clerical Assistants	114,221		114,221	110,658	3,563
Supplies and Materials	10,000	2,199	12,199	5,674	6,525
Total Other Supp. Services Students-Regular	182,871	2,199	185,070	174,982	10,088
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	233,620		233,620	131,450	102,170
Purchased Professional - Educational Services	2,000		2,000		2,000
Supplies and Materials	4,000	1,025	5,025	2,882	2,143
Other Objects	1,000	269	1,269	511	758
Total Other Supp. Services Students-Special	240,620	1,294	241,914	134,843	107,071
Educational Media Services/School Library:					
Salaries	82,625		82,625	81,880	745
Supplies and Materials	8,500	5,677	14,177	11,662	2,515
Total Educational Media Services/School Library	91,125	5,677	96,802	93,542	3,260
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	106,593		106,593	99,334	7,259
Purchased Professional - Educational Services	1,500		1,500	1,300	200
Other Purchased Services (400-500 series)	10,000		10,000	6,990	3,010
Total Instructional Staff Training Services	118,093		118,093	107,624	10,469
Supp. Services - General Administration:					
Salaries	220,052		220,052	210,445	9,607
Legal Services	12,000	(120)	11,880	2,870	9,010
Audit Services	18,000	120	18,120	18,120	
Other Purchased Professional Services	12,250		12,250	11,422	828
Communications/Telephone	4,500		4,500	3,039	1,461
BOE Other Purchased Services	3,500		3,500	1,213	2,287
Other Purchased Services (400-500 series)	12,100	500	12,600	7,357	5,243
General Supplies	1,000		1,000		1,000
Miscellaneous Expenditures	8,000		8,000	6,725	1,275
Total Supp. Services - General Administration	291,402	500	291,902	261,191	30,711

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	108,742	(530)	108,212	102,678	5,534
Salaries of Secretarial and Clerical Assistants	38,838		38,838	38,725	113
General Supplies	2,000		2,000	1,833	167
Other Objects	1,400		1,400	1,400	
Total Support Services - School Administration	150,980	(530)	150,450	144,636	5,814
Central Services:					
Salaries	48,555	1,028	49,583	49,583	
Purchased Professional Services	65,000		65,000	65,000	
Purchased Technical Services	4,500	(200)	4,300	4,300	
General Supplies	1,000	(155)	845	845	
Total Central Services:	119,055	673	119,728	119,728	
Required Maintenance for School Facilities:					
Salaries	16,185		16,185	15,000	1,185
Cleaning, Repair and Maintenance Services	200,000	690,176	890,176	626,359	263,817
General Supplies	15,000	1,062	16,062	16,047	15
Total Required Maintenance for School Facilities	231,185	691,238	922,423	657,406	265,017
Other Operations and Maintenance of Plant:					
Salaries	345,634	(97,000)	248,634	210,907	37,727
Cleaning, Repair and Maintenance Services	160,000	9,605	169,605	84,035	85,570
Other Purchased Property Services	36,000	(13,824)	22,176	22,176	
Insurance	61,310		61,310	61,310	
Miscellaneous Purchased Services	2,000	273	2,273	2,273	
General Supplies	37,500	(12,828)	24,672	20,314	4,358
Energy (Natural Gas)	24,000	6,227	30,227	24,883	5,344
Energy (Electricity)	90,000	(19,021)	70,979	66,479	4,500
Energy (Gasoline)	1,000		1,000	868	132
Other Objects	1,500		1,500	1,056	444
Total Other Operations and Maintenance of Plant	758,944	(126,568)	632,376	494,301	138,075
Undist. Expend. -Care and Upkeep of Grounds:					
Purchased Professional and Technical Services	65,000		65,000	56,934	8,066
Total Undist. Expend. -Care and Upkeep of Grounds	65,000		65,000	56,934	8,066

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services					
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	30,000		30,000	4,882	25,118
Contracted Services (Oth. Than Bet.Home and Sch)-Vendors	8,000		8,000		8,000
Contracted Services (Bet.Home and School)-Joint Agrmts.	1,500		1,500		1,500
Contracted Services (Special Ed. Students)-Vendors	170,000	(12,606)	157,394	50,135	107,259
Contr Serv (Regular Students) - ESCs & CTSA	5,000		5,000		5,000
Total Student Transportation Services	214,500	(12,606)	201,894	55,017	146,877
ALLOCATED BENEFITS					
Health Benefits	499,144	(9,500)	489,644	125,438	364,206
Tuition Reimbursement	55,000		55,000	20,161	34,839
Health Benefits-Special Programs	653,216		653,216	628,698	24,518
Health Benefits-Health services	44,881		44,881	44,580	301
Health Benefits-Speech/OT/PT	15,566		15,566	15,566	
Health Benefits-Other Supp Serv - Guidance	115,349		115,349	114,972	377
Health Benefits-Other Supp Serv - Child Study Team	97,873		97,873	96,509	1,364
Health Benefits-Other Supp Serv - School Library	41,153		41,153	40,148	1,005
Health Benefits-Operations and Maintenance of Plant	160,230	(25,549)	134,681	125,811	8,870
TOTAL ALLOCATED BENEFITS	1,682,412	(35,049)	1,647,363	1,211,883	435,480
UNALLOCATED BENEFITS					
Social Security Contributions	95,000	13,461	108,461	108,461	
Other Retirement Contributions - Regular	110,000	868	110,868	110,868	
Unemployment Compensation	10,000	11,386	21,386	19,495	1,891
Workmen's Compensation	36,900	(3,333)	33,567	33,518	49
Health Benefits	70,468	(3,708)	66,760	61,601	5,159
Other Employee Benefits	12,500	7,326	19,826	19,826	
TOTAL UNALLOCATED BENEFITS	334,868	26,000	360,868	353,769	7,099
On-behalf TPAF pension Contrib. (non-budgeted)				1,037,402	(1,037,402)
On-behalf TPAF PRM Contrib. (non-budgeted)				325,106	(325,106)
On-behalf TPAF pension LTD Ins. (non-budgeted)				710	(710)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				265,458	(265,458)
TOTAL ON-BEHALF CONTRIBUTIONS				1,628,676	(1,628,676)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	2,017,280	(9,049)	2,008,231	3,194,328	(1,186,097)
TOTAL UNDISTRIBUTED EXPENDITURES	5,198,612	580,010	5,778,622	5,966,543	(187,921)
TOTAL GENERAL CURRENT EXPENSE	8,722,334	617,090	9,339,424	9,072,901	266,523

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	12,485		12,485	12,485	
Total Facilities Acquisition and Construction Services	<u>12,485</u>		<u>12,485</u>	<u>12,485</u>	
TOTAL CAPITAL OUTLAY	<u>12,485</u>	-	<u>12,485</u>	<u>12,485</u>	-
Transfer of Funds to Charter Schools	65,826		65,826	23,132	42,694
TOTAL EXPENDITURES	<u>8,800,645</u>	<u>617,090</u>	<u>9,417,735</u>	<u>9,108,518</u>	<u>309,217</u>
Excess (Deficiency) of Revenues Over(Under) Expenditures	<u>(398,803)</u>	<u>(617,090)</u>	<u>(1,015,893)</u>	<u>924,372</u>	<u>1,940,265</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(398,803)</u>	<u>(617,090)</u>	<u>(1,015,893)</u>	<u>924,372</u>	<u>1,940,265</u>
Fund Balance, July 1	2,372,811		2,372,811	2,372,811	
Fund Balance, June 30	<u>\$ 1,974,008</u>	<u>\$ (617,090)</u>	<u>\$ 1,356,918</u>	<u>\$ 3,297,183</u>	<u>\$ 1,940,265</u>
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 1,251,875	
Excess Surplus				663,431	
Excess Surplus - Designated for Subsequent Year's Expenditures				604,880	
Assigned to:					
Year-End Encumbrances				477,803	
Unassigned:					
Unrestricted Fund Balance				<u>299,194</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				<u>3,297,183</u>	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(308,198)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 2,988,985</u>	

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources	\$ 1,000	\$ 6,355	\$ 7,355	\$ 5,005	\$ (2,350)
State Sources	1,379,739	-	1,379,739	1,379,669	(70)
Federal Sources	356,487	510,832	867,319	354,578	(512,741)
Total Revenues	1,737,226	517,187	2,254,413	1,739,252	(515,161)
EXPENDITURES:					
Instruction					
Salaries of Teachers	455,555	(20,529)	435,026	399,611	35,415
Other Salaries for Instruction	287,232	(94,095)	193,137	193,137	
Purchased Professional and Technical Svc		-	-	-	
Purchased Professional Educational Services	75,000	39,830	114,830	69,830	45,000
Other Purchased Services	17,678	1	17,679	17,679	
Tuition	144,578	(2,570)	142,008	142,008	
General Supplies	34,614	14,676	49,290	46,870	2,420
Total Instruction	1,014,657	(62,687)	951,970	869,135	82,835
Support Services					
Salaries of Supervisors	91,333	-	91,333	91,333	
Personal Services - Employee Bene.	147,350	(1,225)	146,125	146,125	
Cleaning, Repair, and Maintenance	395,016	212,392	607,408	607,408	
Supplies & Materials	88,870	(68,624)	20,246	20,246	
Student Activities		7,890	7,890	7,890	
Scholarships		-	-	-	
Total Support Services	722,569	150,433	873,002	873,002	-
Facilities Acq. & Construction Svs					
Instructional Equipment		432,326	432,326	-	432,326
Total Facilities & Construction Svs	-	432,326	432,326	-	432,326
Total Expenditures	1,737,226	520,072	2,257,298	1,742,137	515,161
Total Outflows	1,737,226	520,072	2,257,298	1,742,137	515,161
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	(2,885)	(2,885)	(2,885)	-
Fund Balance Beginning					-
Prior Period Adjustment *				12,587	
Fund Balance Beginning (Restated)				12,587	
Fund Balance Ending				<u>\$ 9,702</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 6,132	
Student Activities				3,570	
Fund Balance per Governmental Funds(Budgetary Basis)				<u>9,702</u>	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				(128,476)	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ (118,774)</u>	

* Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2021

**Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 10,032,890	\$ 1,739,252
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	239,952
Current Year Encumbrances	N/A	(585,614)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	296,365	42,108
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(308,198)</u>	<u>(128,476)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 10,021,057</u>	<u>\$ 1,307,222</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 9,108,518	\$ 1,742,137
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	239,952
Current Year Encumbrances	N/A	(585,614)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u> </u>	<u> </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 9,108,518</u>	<u>\$ 1,396,475</u>

Washington Borough School District
Required Supplementary Information - Part III
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years *

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
State's proportionate share of the net pension liability (asset) associated with the District	\$ 23,873,194	\$ 20,507,116	\$ 21,210,374	\$ 24,497,479	\$ 29,953,449	\$ 23,152,287	\$ 19,249,269	\$ 17,454,111		
Total	\$ 23,873,194	\$ 20,507,116	\$ 21,210,374	\$ 24,497,479	\$ 29,953,449	\$ 23,152,287	\$ 19,249,269	\$ 17,454,111		
District's covered employee payroll	\$ 3,700,890	\$ 3,810,463	\$ 3,786,390	\$ 3,738,407	\$ 3,559,593	\$ 3,645,121	\$ 3,956,625	\$ 3,798,293		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%		

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

Exhibit L-1

Public Employees' Retirement System (PERS)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
District's proportion of the net pension liability (asset)	0.01013465%	0.00967775%	0.01000687%	0.00959873%	0.00975972%	0.00915216%	0.00941901%	0.00860793%		
District's proportionate share of the net pension liability (asset)	\$ 1,652,697	\$ 1,743,784	\$ 1,970,302	\$ 2,234,431	\$ 2,890,551	\$ 2,054,476	\$ 1,763,497	\$ 1,645,147		
District's covered employee payroll	\$ 714,150	\$ 737,207	\$ 709,410	\$ 687,724	\$ 692,891	\$ 977,890	\$ 783,314	\$ 912,374		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	231.42%	236.54%	277.74%	324.90%	417.17%	210.09%	225.13%	180.31%		
Plan fiduciary net position as a percentage of the total pension liability (Local)	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%		

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

Washington Borough School District
Required Supplementary Information - Part III
Schedule of District Contributions
Last Ten Fiscal Years *

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
District's covered employee payroll	\$ 3,700,890	\$ 3,810,463	\$ 3,786,390	\$ 3,738,407	\$ 3,559,593	\$ 3,645,121	\$ 3,956,625	\$ 3,798,293		
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

Public Employees' Retirement System (PERS)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 110,868	\$ 97,793	\$ 100,464	\$ 91,060	\$ 87,805	\$ 78,684	\$ 77,649	\$ 67,827		
Contributions in relation to the contractually required contribution	(110,868)	(97,793)	(100,464)	(91,060)	(87,805)	(78,684)	(77,649)	(67,827)		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
District's covered employee payroll	\$ 714,150	\$ 737,207	\$ 709,410	\$ 687,724	\$ 692,891	\$ 977,890	\$ 783,314	\$ 912,374		
Contributions as a percentage of covered-employee payroll	15.52%	13.27%	14.16%	13.24%	12.67%	8.05%	9.91%	7.43%		

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

Washington Borough School District
 Required Supplementary Information - Part III
 Schedule of Changes in the State's Total OPEB Liability and Related Ratios
 Last Ten Fiscal Years *

Exhibit M-1

State Health Benefit Local Education Retired Employees Plan (TPAF and PERS)

The State of New Jersey's Total OPEB Liability	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Service Cost	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319					
Interest	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792					
Change in Benefit Terms										
Differences Between Expected and Actual Experience	11,544,750,637	(7,323,140,818)	-5002065740							
Benefit Payments	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)					
Contributions from Members	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747					
Changes of Assumptions or other inputs	12,386,549,981	622,184,027	(5,291,448,855)	(7,086,599,129)	8,611,513,521					
Net change in total OPEB liability	26,080,881,563	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360					
Total OPEB Liability - Beginning	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184	\$ 46,849,651,824					
Total OPEB Liability - Ending	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184					
The State of New Jersey's total OPEB liability **	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184					
The State of New Jersey's OPEB liability attributable to the District **	\$ 25,508,851	\$ 15,375,816	\$ 16,763,792	\$ 20,681,873	\$ 22,291,926					
The District's proportionate share of the total OPEB liability	Zero	Zero	Zero	Zero	Zero					
District's covered employee payroll	\$ 4,415,040	\$ 4,547,670	\$ 4,495,800	\$ 4,426,131	\$ 4,252,484					
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%					
District's contribution	None	None	None	None	None					
State's covered employee payroll ***	\$ 14,267,738,657	\$ 13,929,083,479	\$ 13,640,275,833	\$ 13,493,400,208	\$ 13,493,400,208					
Total State's OPEB liability as a percentage of its covered-employee payroll	475.27%	299.58%	338.05%	397.53%	428.59%					

** Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

*** Covered payroll for the Measurement Period ending June 30, 2019 and June 30, 2020 is based on the payroll on the June 30, 2018 and June 30, 2019 census data, respectively

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
Pension and Other Post Employment Benefits (OPEB) Schedules

For the Fiscal Year Ended June 30, 2021

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

Changes of benefit terms. 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.

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

OPEB Schedules

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

Changes of benefit terms. There were no changes of benefit terms.

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

Public Employees' Retirement System (PERS)

Pension Schedules

Changes of benefit terms. 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.

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

OPEB Schedules

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

Changes of benefit terms. There were no changes of benefit terms.

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

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2021

	Title I Part A	Title I I Part A	Title IV	IDEA Basic	IDEA Preschool	CORONA Relief Fund	CARES Grant	Preschool Expansion Aid	Student Activities	Scholarship Fund	Totals
REVENUES											
Local Sources									\$ 5,000	\$ 5	\$ 5,005
State Sources								\$ 1,379,669			1,379,669
Federal Sources	\$ 131,893	\$ 14,484	\$ 2,329	\$ 144,578	\$ 7,885	\$ 35,383	\$ 18,026				\$ 354,578
TOTAL REVENUES	131,893	14,484	2,329	144,578	7,885	35,383	18,026	1,379,669	5,000	5	1,739,252
EXPENDITURES:											
Instruction:											
Salaries of Teachers	33,225		2,329					364,057			399,611
Other Salaries for Instruction								193,137			193,137
Purchased Professional and Technical Svc											-
Purchased Professional Educational Services								69,830			69,830
Other Purchased Services						7,253	10,426				17,679
Tuition				142,008							142,008
General Supplies	3,645			2,570		28,130	1,838	10,687			46,870
Total Instruction	36,870		2,329	144,578		35,383	12,264	637,711			869,135
Support Services:											
Salaries of Supervisors	83,448				7,885						91,333
Personal Services - Employee Bene.	11,575							134,550			146,125
Cleaning, Repair, and Maintenance								607,408			607,408
Supplies and Materials		14,484					5,762				20,246
Student Activities									7,890		7,890
Scholarships											
Total Support Services	95,023	14,484			7,885		5,762	741,958	7,890		873,002
TOTAL EXPENDITURES	131,893	14,484	2,329	144,578	7,885	35,383	18,026	1,379,669	7,890		1,742,137
Total Outflows	\$ 131,893	\$ 14,484	\$ 2,329	\$ 144,578	\$ 7,885	\$ 35,383	\$ 18,026	\$ 1,379,669	\$ 7,890	-	\$ 1,742,137
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	(2,890)	5	(2,885)
Fund Balance Beginning	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment *	-	-	-	-	-	-	-	-	6,460	6,127	12,587
Fund Balance Beginning (Restated)	-	-	-	-	-	-	-	-	6,460	6,127	12,587
Fund Balance Ending	-	-	-	-	-	-	-	-	\$ 3,570	\$ 6,132	\$ 9,702

* Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

Washington Borough School District
Special Revenue Fund
Preschool Education Aid Schedule of Expenditures
Preschool - All Programs
Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 413,555	\$ (49,498)	\$ 364,057	\$ 364,057	-
Other Salaries for Instruction	287,232	(94,095)	193,137	193,137	-
Purchased Professional Educational Services	75,000	(5,170)	69,830	69,830	-
General Supplies	74,387	(63,629)	10,758	10,687	\$ 71
Total instruction	850,174	(212,392)	637,782	637,711	71
Support services:					
Employee Benefits	134,550	-	134,550	134,550	-
Cleaning, Repair, and Maintenance	395,016	212,392	607,408	607,408	-
Total support services	529,566	212,392	741,958	741,958	-
Total Expenditures	\$ 1,379,740	-	\$ 1,379,740	\$ 1,379,669	\$ 71

CALCULATION OF BUDGET & CARRYOVER

Total 2020-2021 PreK Aid Allocation	\$ 1,284,723
Add: Actual ECPA Carryover June 30, 2020	95,017
Add: Budgeted Transfer From General Fund	-
Total Funds Available for 2019-2021 Budget	1,379,740
Less: 2020-2021 Budgeted PreK & ECPA (Including prior year budgeted carryover)	\$ (1,379,740)
Available & Unbudgeted Funds as of June 30, 2021	-
Add: June 30, 2021 Unexpended PreK Aid	71
2020-2021 Actual Carryover - PreK Aid	71
2020-2021 PreK Carryover Budgeted in 2021-2022	105,576

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

N/A

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>

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

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

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

**FIDUCIARY FUND
DETAIL STATEMENTS**

Fiduciary Funds are defined by GASB No. 84 as four funds. (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

N/A

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS
AS OF ENDED JUNE 30, 2021**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2020</u>	<u>REFUNDED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2021</u>
			<u>DATE</u>	<u>AMOUNT</u>					
School Refunding Bonds Series 2011	12/28/11	\$ 2,885,000	7/15/21	\$ 120,000	3.41% to 4.25%	\$ 2,060,000	(1,825,000)	\$ (115,000)	\$ 120,000
School Refunding Bonds Series 2021	4/15/21	\$ 1,655,000	7/15/22	110,000	4.00%		1,655,000		1,655,000
			7/15/23	110,000					
			7/15/24	120,000					
			7/15/25	125,000					
			7/15/26	130,000					
			7/15/27	135,000					
			7/15/28	140,000					
			7/15/29	145,000					
			7/15/30	150,000					
			7/15/31	155,000					
			7/15/32	165,000					
			7/15/33	170,000					
Total						\$ 2,060,000	\$ (170,000)	\$ (115,000)	\$ 1,775,000

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive/ (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 191,911	-	\$ 191,911	\$ 191,911	
Miscellaneous				12,261	\$ 12,261
Total - Local Sources	191,911	-	191,911	204,172	12,261
TOTAL REVENUES	191,911		191,911	204,172	12,261
EXPENDITURES:					
Regular Debt Service:					
Interest	76,913		76,913	76,913	
Redemption of Principal	115,000		115,000	115,000	
Total Regular Debt Service	191,913		191,913	191,913	
TOTAL EXPENDITURES	191,913		191,913	191,913	
Excess (Deficiency) of Revenues Over Expenditures	(2)		(2)	12,259	12,261
Fund Balance, July 1	3		3	3	
Fund Balance, June 30	1	-	1	12,262	12,261
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ 1	-	\$ 1	\$ 12,262	\$ 12,261

Washington Borough School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	88-93
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	94-97
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	98-101
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	102-103
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	104-108

Sources:

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.

Washington Borough School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Invested in capital assets, net of related debt	\$ 144	\$ (180,457)	\$ (401,058)	\$ (626,659)	\$ (478,510)	\$ (595,552)	\$ (595,552)	\$ (797,058)	\$ (917,547)	\$ (855,113)
Restricted	972,446	929,643	862,622	729,162	1,104,167	1,233,143	1,192,447	1,211,531	1,518,145	2,529,888
Unrestricted	185,259	(24,640)	(28,318)	(1,643,049)	(1,659,802)	(1,828,789)	(2,061,430)	(1,835,833)	(1,600,951)	(1,908,156)
Total governmental activities net position	<u>\$ 1,157,849</u>	<u>\$ 724,546</u>	<u>\$ 433,246</u>	<u>\$ (1,540,546)</u>	<u>\$ (1,034,145)</u>	<u>\$ (1,191,198)</u>	<u>\$ (1,464,535)</u>	<u>\$ (1,421,360)</u>	<u>\$ (1,000,353)</u>	<u>\$ (233,381)</u>
Business-type activities										
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	\$ 62,364	\$ 66,333	\$ 62,828	\$ 71,543	\$ 62,455	\$ 50,319	\$ 51,507	\$ 58,578	\$ 46,160	\$ 49,318
Total business-type activities net position	<u>\$ 62,364</u>	<u>\$ 66,333</u>	<u>\$ 62,828</u>	<u>\$ 71,543</u>	<u>\$ 62,455</u>	<u>\$ 50,319</u>	<u>\$ 51,507</u>	<u>\$ 58,578</u>	<u>\$ 46,160</u>	<u>\$ 49,318</u>
District-wide										
Invested in capital assets, net of related debt	\$ 144	\$ (180,457)	\$ (401,058)	\$ (626,659)	\$ (478,510)	\$ (595,552)	\$ (595,552)	\$ (797,058)	\$ (917,547)	\$ (855,113)
Restricted	972,446	929,643	862,622	729,162	1,104,167	1,233,143	1,192,447	1,211,531	1,518,145	2,529,888
Unrestricted	247,623	41,693	34,510	(1,571,506)	(1,597,347)	(1,778,470)	(2,009,923)	(1,777,255)	(1,554,791)	(1,858,838)
Total district net position	<u>\$ 1,220,213</u>	<u>\$ 790,879</u>	<u>\$ 496,074</u>	<u>\$ (1,469,003)</u>	<u>\$ (971,690)</u>	<u>\$ (1,140,879)</u>	<u>\$ (1,413,028)</u>	<u>\$ (1,362,782)</u>	<u>\$ (954,193)</u>	<u>\$ (184,063)</u>

Source: ACFR Schedule A-1

Washington Borough School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,863,484	\$ 4,231,902	\$ 4,199,465	\$ 4,656,902	\$ 4,572,490	\$ 4,802,697	\$ 5,137,516	\$ 4,652,332	\$ 4,494,342	\$ 5,117,512
Special education	1,081,042	969,494	1,021,393	1,047,021	1,193,727	1,332,721	1,083,529	1,180,168	1,043,687	1,208,130
Other special education	116,706	347,273	200,665	344,822	273,591	559,298	642,494	583,506	471,267	355,439
Support Services:										
Tuition	112,151	60,104	260,742	334,847	39,886	75,736	249,788	61,465	181,128	35,650
Student & instruction related services	1,154,146	1,245,220	1,172,728	1,388,812	1,656,121	2,025,948	2,085,861	1,987,531	1,725,297	2,353,441
General administrative services	760,079	508,881	510,034	590,892	598,602	685,239	679,323	613,413	582,136	607,618
School administrative services	179,768	179,272	182,555	208,167	225,061	217,721	261,897	224,149	220,171	230,714
Business administrative services										
Plant operations and maintenance	628,099	671,418	659,959	753,041	814,248	984,812	1,079,309	972,743	1,340,431	1,927,947
Pupil transportation	189,493	236,847	255,637	234,473	167,745	184,437	273,593	326,544	174,577	87,760
Interest on long-term debt	56,298	110,694	106,460	104,456	102,361	100,165	97,964	94,566	91,259	96,494
Unallocated depreciation	32,560	32,560	32,560	32,560	22,704	22,704	23,049	23,049	23,049	22,257
Total governmental activities expenses	<u>8,173,826</u>	<u>8,593,665</u>	<u>8,602,198</u>	<u>9,695,993</u>	<u>9,666,536</u>	<u>10,991,478</u>	<u>11,614,323</u>	<u>10,719,466</u>	<u>10,347,344</u>	<u>12,042,962</u>
Business-type activities:										
Food service	158,528	173,317	199,082	200,158	220,553	212,774	181,952	180,856	145,642	206,019
Total business-type activities expense	<u>158,528</u>	<u>173,317</u>	<u>199,082</u>	<u>200,158</u>	<u>220,553</u>	<u>212,774</u>	<u>181,952</u>	<u>180,856</u>	<u>145,642</u>	<u>206,019</u>
Total district expenses	<u>\$ 8,332,354</u>	<u>\$ 8,766,982</u>	<u>\$ 8,801,280</u>	<u>\$ 9,896,151</u>	<u>\$ 9,887,089</u>	<u>\$ 11,204,252</u>	<u>\$ 11,796,275</u>	<u>\$ 10,900,322</u>	<u>\$ 10,492,986</u>	<u>\$ 12,248,981</u>
Program Revenues										
Governmental activities:										
Charges for services		28720	10251	20500	\$ 33,392	\$ 24,439	\$ 41,129	\$ 45,325	\$ 48,467	\$ 5,000
Operating grants and contributions	\$ 3,582,754	\$ 3,822,675	\$ 3,742,773	\$ 4,691,883	5,116,179	5,910,992	6,329,762	5,459,157	5,350,063	7,336,539
Capital grants and contributions										
Total governmental activities program revenues	<u>3,582,754</u>	<u>3,851,395</u>	<u>3,753,024</u>	<u>4,712,383</u>	<u>5,149,571</u>	<u>5,935,431</u>	<u>6,370,891</u>	<u>5,504,482</u>	<u>5,398,530</u>	<u>7,341,539</u>
Business-type activities:										
Charges for services										
Food service	70,670	73,327	76,221	82,831	79,537	74,113	72,297	67,577	47,229	237
Operating grants and contributions	105,893	103,959	119,356	126,042	131,928	126,525	110,843	120,350	85,995	208,940
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>176,563</u>	<u>177,286</u>	<u>195,577</u>	<u>208,873</u>	<u>211,465</u>	<u>200,638</u>	<u>183,140</u>	<u>187,927</u>	<u>133,224</u>	<u>209,177</u>
Total district program revenues	<u>\$ 3,759,317</u>	<u>\$ 4,028,681</u>	<u>\$ 3,948,601</u>	<u>\$ 4,921,256</u>	<u>\$ 5,361,036</u>	<u>\$ 6,136,069</u>	<u>\$ 6,554,031</u>	<u>\$ 5,692,409</u>	<u>\$ 5,531,754</u>	<u>\$ 7,550,716</u>

-Continued-

Washington Borough School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue										
Governmental activities	\$ (4,591,072)	\$ (4,742,270)	\$ (4,849,174)	\$ (4,983,610)	\$ (4,516,965)	\$ (5,056,047)	\$ (5,243,432)	\$ (5,214,984)	\$ (4,948,814)	\$ (4,701,423)
Business-type activities	18,035	3,969	(3,505)	8,715	(9,088)	(12,136)	1,188	7,071	(12,418)	3,158
Total district-wide net expense	<u>\$ (4,573,037)</u>	<u>\$ (4,738,301)</u>	<u>\$ (4,852,679)</u>	<u>\$ (4,974,895)</u>	<u>\$ (4,526,053)</u>	<u>\$ (5,068,183)</u>	<u>\$ (5,242,244)</u>	<u>\$ (5,207,913)</u>	<u>\$ (4,961,232)</u>	<u>\$ (4,698,265)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,982,989	\$ 4,062,649	\$ 4,291,193	\$ 4,377,018	\$ 4,464,558	\$ 4,703,849	\$ 4,797,926	\$ 5,054,235	\$ 5,155,320	\$ 5,258,426
Taxes levied for debt service	204,292	200,074	183,399	192,888	195,836	191,499	166,488	198,663	190,288	191,911
Unrestricted grants and contributions										
Investment earnings	1,468	1,130	854	593	776	912	5,548	5,261	6,080	5,479
Miscellaneous income	39,608	45,114	82,428	3,809	92,005	2,734	133	-	5,546	12,579
Transfers										
Total governmental activities	<u>4,228,357</u>	<u>4,308,967</u>	<u>4,557,874</u>	<u>4,574,308</u>	<u>4,753,175</u>	<u>4,898,994</u>	<u>4,970,095</u>	<u>5,258,159</u>	<u>5,357,234</u>	<u>5,468,395</u>
Business-type activities:										
Miscellaneous income	-	-	-	-	-	-	-	-	-	-
Transfers										
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 4,228,357</u>	<u>\$ 4,308,967</u>	<u>\$ 4,557,874</u>	<u>\$ 4,574,308</u>	<u>\$ 4,753,175</u>	<u>\$ 4,898,994</u>	<u>\$ 4,970,095</u>	<u>\$ 5,258,159</u>	<u>\$ 5,357,234</u>	<u>\$ 5,468,395</u>
Change in Net Position										
Governmental activities	\$ (362,715)	\$ (433,303)	\$ (291,300)	\$ (409,302)	\$ 236,210	\$ (157,053)	\$ (273,337)	\$ 43,175	\$ 408,420	\$ 766,972
Business-type activities	18,035	3,969	(3,505)	8,715	(9,088)	(12,136)	1,188	7,071	(12,418)	3,158
Total district	<u>\$ (344,680)</u>	<u>\$ (429,334)</u>	<u>\$ (294,805)</u>	<u>\$ (400,587)</u>	<u>\$ 227,122</u>	<u>\$ (169,189)</u>	<u>\$ (272,149)</u>	<u>\$ 50,246</u>	<u>\$ 396,002</u>	<u>\$ 770,130</u>

Source: ACFR Schedule A-2

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

Exhibit J-3

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved	\$ 1,147,166	\$ 960,694	\$ 905,058	\$ 758,172	\$ 1,163,596	\$ 1,356,606	\$ 1,297,856	\$ 1,537,787	\$ 2,122,811	\$ 2,997,989
Unreserved	16,857	(3,237)	(2,724)	(1,401)	(20,573)	(20,510)	(14,750)	(26,635)	(46,365)	(9,004)
Total general fund	<u>\$ 1,164,023</u>	<u>\$ 957,457</u>	<u>\$ 902,334</u>	<u>\$ 756,771</u>	<u>\$ 1,143,023</u>	<u>\$ 1,336,096</u>	<u>\$ 1,283,106</u>	<u>\$ 1,511,152</u>	<u>\$ 2,076,446</u>	<u>\$ 2,988,985</u>
All Other Governmental Funds										
Reserved									\$ 12,587	\$ 9,702
Unreserved, reported in:										
Special revenue fund								\$ (24,979)	(42,108)	(128,476)
Capital projects fund										
Debt service fund	64,534	\$ 16,540	2	\$ 2	\$ 37,190	\$ 30,001	\$ 1	2	3	12,262
Total all other governmental funds	<u>64,534</u>	<u>\$ 16,540</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 37,190</u>	<u>\$ 30,001</u>	<u>\$ 1</u>	<u>\$ (24,977)</u>	<u>\$ (29,518)</u>	<u>\$ (106,512)</u>

Source: ACFR Schedule B-1

**Washington Borough School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<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>
Revenues										
Tax levy	\$ 4,187,281	\$ 4,262,723	\$ 4,474,592	\$ 4,569,906	\$ 4,660,394	\$ 4,895,348	\$ 4,964,414	\$ 5,252,898	\$ 5,345,608	\$ 5,450,337
Interest earnings										
Miscellaneous	41,076	74,964	93,533	24,902	126,173	28,085	46,810	50,586	60,093	23,058
State sources	3,193,621	3,505,849	3,458,277	3,563,676	3,697,234	3,795,273	3,944,314	4,310,648	4,736,820	5,565,148
Federal sources	389,133	316,826	284,496	290,456	310,144	274,904	344,099	308,912	332,326	493,908
Total revenue	7,811,111	8,160,362	8,310,898	8,448,940	8,793,945	8,993,610	9,299,637	9,923,044	10,474,847	11,532,451
Expenditures										
Instruction										
Regular Instruction	2,601,008	2,781,254	2,775,343	2,779,655	2,648,219	2,504,813	2,698,149	2,698,413	2,755,047	3,007,889
Special education instruction	812,945	706,379	746,292	688,101	744,709	751,774	611,231	736,478	686,224	756,616
Other special instruction	87,763	253,025	146,618	227,519	170,680	315,494	363,371	364,459	310,640	222,827
Other instruction										
Support Services:										
Tuition	84,338	43,792	190,514	220,937	24,883	42,722	141,271	38,391	119,392	22,349
Student & instruction related services	867,919	907,275	856,866	916,360	1,033,174	1,142,816	1,179,686	1,241,415	1,137,245	1,475,386
School administrative services	135,186	130,619	133,386	137,352	140,405	122,814	148,119	140,004	145,128	144,636
Other administrative services	352,580	370,774	372,662	389,880	373,439	386,536	384,200	383,139	383,720	380,919
Plant operations and maintenance	472,331	489,199	482,206	496,868	507,970	555,522	610,417	607,577	883,557	1,208,641
Pupil transportation	142,499	172,568	186,784	154,709	104,648	104,039	154,734	203,960	115,074	55,017
Unallocated employee benefits	1,983,063	2,281,687	2,258,878	2,374,516	2,414,055	2,622,954	2,833,958	3,021,133	3,116,450	3,194,328
Transfer to Charter School		8,702	20,588	493	-	47,069	12,473	73,203	69,700	23,132
Special Revenue										
Capital Outlay	11,295	21,580	12,485	15,225	12,485	12,485	48,530	13,142	14,217	13,253
Debt service:										
Principal	70,000	145,000	105,000	100,000	105,000	110,000	110,000	115,000	110,000	115,000
Interest and other charges	69,758	103,068	94,937	92,888	90,838	88,688	86,488	83,662	80,287	76,913
Total expenditures	7,690,685	8,414,922	8,382,559	8,594,503	8,370,505	8,807,726	9,382,627	9,719,976	9,926,681	10,696,906
Excess (Deficiency) of revenues over (under) expenditures	120,426	(254,560)	(71,661)	(145,563)	423,440	185,884	(82,990)	203,068	548,166	835,545
Other Financing Sources (uses)										
Bond proceeds										
Accrued interest										
Transfers in				-	-	-	-	-	-	-
Transfers out				-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 120,426	\$ (254,560)	\$ (71,661)	\$ (145,563)	\$ 423,440	\$ 185,884	\$ (82,990)	\$ 203,068	\$ 548,166	\$ 835,545
Debt service as a percentage of noncapital expenditures										
	1.8%	3.0%	2.4%	2.2%	2.3%	2.3%	2.1%	2.0%	1.9%	1.8%

Source: ACFR Schedule B-2

WASHINGTON BOROUGH SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Other</u> <u>State</u> <u>Aid</u>	<u>Miscellaneous</u>	<u>Total</u>
2012	\$ 1,468	\$ 2,318	\$ 19,927	\$ 3,700	\$ 6,260	\$ 33,673
2013	1,130		5,916	41,124	(1,926)	46,244
2014	854	10,086	10,251	63,247	9,095	93,533
2015	593	881	20,500		2,928	24,902
2016	776	7,348	33,392	47,662	1,202	90,380
2017	912		24,439		2,734	28,085
2018	5,548		41,129		133	46,810
2019	5,261		45,325		-	50,586
2020	6,080		48,467		5,546	60,093
2021	5,479		-		313	5,792

SOURCE: District Records

**Washington Borough School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2012	\$5,350,500	\$278,666,860	\$437,600	\$5,300	\$47,429,000	\$16,323,400	\$21,890,900	\$404,055,686	\$31,906,225	\$2,045,901	\$372,149,461	\$1.147	\$577,042,195
2013	5,303,400	278,655,460	437,600	5,300	46,893,500	16,323,400	21,890,900	403,100,524	31,331,625	2,259,339	371,768,899	1.206	521,268,396
2014	3,861,800	283,660,960	437,600	5,300	45,295,800	16,323,400	19,350,900	401,645,750	30,736,425	1,973,565	370,909,325	1.227	475,996,770
2015	3,519,500	285,790,960	437,600	5,300	45,255,400	16,323,400	19,350,900	404,384,507	31,893,625	1,807,822	372,490,882	1.255	463,639,899
2016	2,340,900	290,037,560	-	10,100	43,632,300	14,766,600	18,450,900	405,151,573	33,944,425	1,968,788	371,207,148	1.329	443,330,536
2017	1,792,100	287,893,160	437,600	10,100	44,069,600	13,894,600	18,389,700	401,702,392	33,266,625	1,948,907	368,435,767	1.349	441,651,116
2018	1,338,300	288,717,900	437,600	10,100	43,451,500	13,714,300	18,773,700	401,741,096	33,421,225	1,876,471	368,319,871	1.433	457,795,613
2019	1,773,000	288,213,500	437,600	10,100	42,956,700	12,327,300	19,077,700	399,052,972	32,402,625	1,854,447	366,650,347	1.433	463,852,200
2020	1,493,000	288,856,300	437,600	10,100	43,863,300	12,327,300	19,461,700	398,382,625	31,933,325	-	366,449,300	1.489	456,250,143
2021	1,568,200	289,085,200	437,600	5,300	43,909,900	11,677,300	19,461,700	398,206,225	32,061,025	-	366,145,200	1.489	447,698,821

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Washington Borough School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Washington Borough Board of Education			Warren Hills Regional School District	Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct		Washington Borough	Warren County	
2012	\$1.070	\$0.055	\$1.125	\$1.141	\$1.443	\$0.961	\$4.670
2013	\$1.093	\$0.054	\$1.147	\$1.098	\$1.495	\$0.859	\$4.599
2014	\$1.157	\$0.049	\$1.206	\$1.094	\$1.475	\$0.850	\$4.625
2015	\$1.175	\$0.052	\$1.227	\$1.123	\$1.455	\$0.890	\$4.695
2016	\$1.192	\$0.063	\$1.255	\$1.077	\$1.460	\$0.864	\$4.656
2017	\$1.277	\$0.052	\$1.329	\$1.154	\$1.471	\$0.845	\$4.799
2018	\$1.304	\$0.045	\$1.349	\$1.251	\$1.491	\$0.883	\$4.974
2019	\$1.379	\$0.054	\$1.433	\$1.357	\$1.538	\$0.858	\$5.186
2020	\$1.407	\$0.052	\$1.459	\$1.329	\$1.539	\$0.829	\$5.156
2021	\$1.433	\$0.056	\$1.489	\$1.337	\$1.539	\$0.796	\$5.161

Source: District Records and Municipal Tax Collector

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

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

**Washington Borough School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Warren Washington Assn.	\$ 5,500,000	1	1.50%	\$ 5,800,000	2	2.04%
BASF Corporation	4,722,000	2	1.29%	4,114,400	3	1.43%
Twist Beauty Packaging	4,052,900	3	1.11%			
Washington Plaza Assoc.	3,400,000	4	0.93%			1.08%
Bell Atlantic	3,266,765	5	0.89%	1,499,500	5	
Washington Gardens LOC	2,950,000	6	0.81%	1,700,000	7	0.59%
Washington Heights, LLC	2,000,000	7	0.55%	3,438,100	4	0.54%
Individual Taxpayer #1	1,939,800	8	0.53%	1,547,000	8	1.20%
Midtown/Limited, Inc.	1,755,200	9	0.48%			
Rural Housing Service (Westgate Apts)	1,740,000	10	0.48%			
American National Can Co.				6,060,000	1	2.11%
Total	\$ 31,326,665		8.56%	\$ 24,159,000		8.99%

Washington Gardens LOC

Source: District ACFR & Municipal Tax Assessor

**Washington Borough School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$3,982,989	\$3,982,989	100.00%	-
2013	\$4,062,649	\$4,062,649	100.00%	-
2014	\$4,291,193	\$4,291,193	100.00%	-
2015	\$4,377,018	\$4,377,018	100.00%	-
2016	\$4,464,558	\$4,464,558	100.00%	-
2017	\$4,703,849	\$4,703,849	100.00%	-
2018	\$4,797,926	\$4,797,926	100.00%	-
2019	\$5,054,235	\$5,054,235	100.00%	-
2020	\$5,155,320	\$5,155,320	100.00%	-
2021	\$5,258,426	\$5,258,426	100.00%	-

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

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

**Washington Borough School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2012	\$ 2,960,000	-0-	-0-	-0-	-0-	\$ 2,960,000	0.99%	\$458.42	
2013	\$ 2,815,000	-0-	-0-	-0-	-0-	\$ 2,815,000	0.90%	\$435.96	
2014	\$ 2,710,000	-0-	-0-	-0-	-0-	\$ 2,710,000	0.86%	\$416.92	
2015	\$ 2,610,000	-0-	-0-	-0-	-0-	\$ 2,610,000	0.83%	\$401.66	
2016	\$ 2,505,000	-0-	-0-	-0-	-0-	\$ 2,505,000	0.76%	\$385.86	
2017	\$ 2,395,000	-0-	-0-	-0-	-0-	\$ 2,395,000	0.72%	\$368.92	
2018	\$ 2,285,000	-0-	-0-	-0-	-0-	\$ 2,285,000	0.68%	\$350.25	
2019	\$ 2,170,000	-0-	-0-	-0-	-0-	\$ 2,170,000	0.63%	\$336.33	
2020	\$ 2,060,000	-0-	-0-	-0-	-0-	\$ 2,060,000	0.57%	\$319.38	
2021	\$ 1,775,000	-0-	-0-	-0-	-0-	\$ 1,775,000	0.48%	\$274.81	

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

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

a See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

* Current data unavailable

Washington Borough School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 2,960,000	-0-	\$ 2,960,000	0.80%	\$ 458
2013	\$ 2,815,000	-0-	\$ 2,815,000	0.76%	\$ 436
2014	\$ 2,710,000	-0-	\$ 2,710,000	0.73%	\$ 417
2015	\$ 2,610,000	-0-	\$ 2,610,000	0.70%	\$ 402
2016	\$ 2,505,000	-0-	\$ 2,505,000	0.67%	\$ 386
2017	\$ 2,395,000	-0-	\$ 2,395,000	0.65%	\$ 369
2018	\$ 2,285,000	-0-	\$ 2,285,000	0.62%	\$ 350
2019	\$ 2,170,000	-0-	\$ 2,170,000	0.59%	\$ 336
2020	\$ 2,060,000	-0-	\$ 2,060,000	0.56%	\$ 319
2021	\$ 1,775,000	-0-	\$ 1,775,000	0.48%	\$ 275

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

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

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

* Current data unavailable

**Washington Borough School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2021**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Washington	\$ 6,850,648	100.000%	\$ 6,850,648
Other debt			
Warren County	1,765,000	4.005%	<u>70,681</u>
Subtotal, overlapping debt			6,921,329
Washington Borough School District Direct Debt			<u>1,775,000</u>
Total direct and overlapping debt			<u><u>\$ 8,696,329</u></u>

Sources: Borough Finance Officer, Warren County Finance Office and Utility Authorities

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

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

Washington Borough School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized valuation basis
	2018 \$ 451,256,680
	2019 445,152,211
	2020 449,202,797
	[A] \$ <u>1,345,611,688</u>
Average equalized valuation of taxable property	[A/3] \$ 448,537,229
Debt limit (2.5% of average equalization value)	[B] 20,184,175
Net bonded school debt	[C] <u>1,775,000</u>
Legal debt margin	[B-C] \$ <u>18,409,175</u>

	Fiscal Year									
	<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	\$13,920,572	\$13,006,676	\$12,026,816	\$11,393,914	\$11,134,004	\$11,105,961	\$11,282,425	\$11,377,200	\$11,312,166	\$20,184,175
Total net debt applicable to limit	<u>2,960,000</u>	<u>2,815,000</u>	<u>2,710,000</u>	<u>2,610,000</u>	<u>2,505,000</u>	<u>2,395,000</u>	<u>2,285,000</u>	<u>2,170,000</u>	<u>2,060,000</u>	<u>1,775,000</u>
Legal debt margin	<u>\$10,960,572</u>	<u>\$10,191,676</u>	<u>\$9,316,816</u>	<u>\$8,783,914</u>	<u>\$8,629,004</u>	<u>\$8,710,961</u>	<u>\$8,997,425</u>	<u>\$9,207,200</u>	<u>\$9,252,166</u>	<u>\$18,409,175</u>
Total net debt applicable to the limit as a percentage of debt limit	21.26%	21.64%	22.53%	22.91%	22.50%	21.56%	20.25%	19.07%	18.21%	8.79%

Source: Abstract of Ratables and District Records ACFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

**Washington Borough School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2012	6,463	\$ 296,424,240	\$47,099 R	7.7%
2013	6,501	\$ 300,218,215	\$47,606 R	6.1%
2014	6,512	\$ 314,100,765	\$49,212 R	6.4%
2015	6,552	\$ 316,192,500	\$51,146 R	5.7%
2016	6,534	\$ 316,095,210	\$52,006 R	5.3%
2017	6,498	\$ 330,455,784	\$53,669 R	5.2%
2018	6,496	\$ 335,685,896	\$55,448 R	4.7%
2019	6,486	\$ 345,382,012	\$57,854 R	4.2%
2020	6,460	\$ 361,574,100	\$57,854 *	10.5%
2021	6,459	\$ 373,678,986	\$57,854 *	*

Source:

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

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by US Dept of Commerce

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

P =Projected

R =Revised

* Current data unavailable

Washington Borough School District
Principal Employers,
Current Year and Nine Years Ago

Exhibit J-15
N/A

Employer	2021			2012		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

Source:

No reliable information is available at the local or county level.

**Washington Borough School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<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	35.0	37.8	38.6	38.6	37.0	37.0	37.0	39.0	39.5	35.5
Special education	11.0	11.0	12.5	12.5	12.0	12.0	12.0	12.0	10.0	10.0
Other special education	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Other instruction	5.2	10.0	10.0	10.0	10.0	10.0	10.0	11.5	18.0	23.0
Support Services:										
Tuition										
Student & instruction related services	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General administrative services	3.6	5.0	5.0	5.0	5.0	5.0	4.0	4.0	5.0	4.0
School administrative services	1.2	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Central services	3.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	5.0	5.0	5.0	5.0	5.0	4.0	6.0	6.0	6.0	5.0
Special Schools										
Total	69.0	77.8	79.1	79.1	77.0	76.0	78.0	81.5	87.5	86.5

Source: District Personnel Records

Washington Borough School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2012	568	\$7,539,632	\$ 13,274	2.66%	56	10.1:1		556.2	528.9	3.71%	95.09%
2013	555	\$8,136,572	\$ 14,660	10.45%	55	10.1:1		543.3	515.5	-2.32%	94.88%
2014	560	\$8,149,549	\$ 14,553	-0.73%	56	10.0:1		550.8	525.8	1.38%	95.47%
2015	577	\$8,385,897	\$ 14,534	-0.13%	56	9.7:1		566.2	536.6	2.80%	94.77%
2016	548	\$8,162,182	\$ 14,894	2.48%	56	9.8:1		548.3	520.4	-3.16%	94.91%
2017	502	\$8,549,484	\$ 17,031	14.34%	56	9.0:1		505.0	479.4	-7.90%	94.92%
2018	476	\$9,125,136	\$ 19,170	12.56%	56	8.5:1		474.4	451.6	-6.06%	95.19%
2019	493	\$9,434,969	\$ 19,138	-0.17%	55	8.9:1		488.6	462.0	2.99%	94.55%
2020	495	\$9,652,477	\$ 19,500	1.89%	54	9.2:1		487.2	463.2	-0.29%	95.07%
2021	501	\$10,468,608	\$ 20,895	7.16%	56	8.9:1		503.9	471.2	3.42%	93.51%

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

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**Washington Borough School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>District Building</u>										
<u>Elementary</u>										
Taylor School										
Square Feet	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512
Capacity (students)	268	268	268	268	268	268	268	268	268	268
Enrollment	244	248	249	262	236	201	185	200	226	190
Memorial School										
Square Feet	48,708	48,708	48,708	48,708	48,708	48,708	48,708	48,708	48,708	48,708
Capacity (students)	358	358	358	358	358	358	358	358	358	358
Enrollment ^a	324	302	311	315	313	301	291	293	269	311
Total Enrollment	568	550	560	577	549	502	476	493	495	501

Nun

7 **Source:** District records, ASSA

Elementary = 2

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

WASHINGTON BOROUGH SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 Last Ten Fiscal Years Ending June 30, 2021

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>	<u>Total</u>
Washington Memorial School	055	\$26,623	\$74,969	\$50,202	\$50,478	\$48,084	\$42,952	\$63,003	\$33,774	\$130,619	\$320,814	\$841,518
Taylor Street School	060	27,932	78,655	52,671	52,960	50,448	45,064	66,102	35,435	137,043	336,592	882,902
Total School Facilities		54,555	153,624	102,873	103,438	98,532	88,016	129,105	69,209	267,662	657,406	1,724,420
Other Facilities												
Grand Total		\$54,555	\$153,624	\$102,873	\$103,438	\$98,532	\$88,016	\$129,105	\$69,209	\$267,662	\$657,406	\$1,724,420

WASHINGTON BOROUGH SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2021

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
COMMERCIAL PACKAGE POLICY - New Jersey School Boards Ins. Group		
Property-Blanket Building and Contents	\$500,000,000	\$1,000
Comprehensive General Liability:		
General Aggregate	11,000,000	
Occurrence Limit	11,000,000	
Comprehensive Automobile Liability - Blanket	11,000,000	
Theft, Disappearance and Destruction:	100,000	1,000
BOILER AND MACHINERY - New Jersey School Boards		
Property Damage	Not Limited	1,000
SCHOOL BOARD LEGAL LIABILITY - New Jersey School Boards		
Limit Each Loss	11,000,000	5,000
Limit Each Policy Year	11,000,000	
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND-New Jersey School Boards		
Blanket Employee Limit	100,000	1,000
PUBLIC OFFICIAL BOND-Selective Insurance Company		
School Board Secretary	180,000	
Treasurer of School Monies	180,000	

SOURCE: District Records

Single Audit Section



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Anthony Ardito, CPA, RMA, CMFO, PSA

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

Independent Auditor's Report

The Honorable President and
 Members of the Board of Education
 Washington Borough School District
 County of Warren
 Washington, New Jersey 07882

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington Borough School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Washington Borough School District Board of Education's basic financial statements, and have issued our report thereon dated January 26, 2022.

Internal Control Over Financial Reporting

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

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

-Continued-

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

Compliance and Other Matters

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

Purpose of this Report

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

Ardito & Company LLC

ARDITO & COMPANY LLC
January 26, 2022

Anthony Ardito

Anthony Ardito
Licensed Public School Accountant No. 2369



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Anthony Ardito, CPA, RMA, CMFO, PSA

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB Circular 15-08

Independent Auditor's Report

The Honorable President and
 Members of the Board of Education
 Washington Borough School District
 County of Warren
 Washington, New Jersey 07882

Report on Compliance for Each Major State Program

We have audited the Washington Borough School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2021. The Washington Borough School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

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

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

-Continued-

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the Washington Borough School District 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Washington Borough School District Board of Education's internal control over compliance.

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

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

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

Ardito & Company LLC

ARDITO & COMPANY LLC
January 26, 2022

Anthony Ardito

Anthony Ardito
Licensed Public School Accountant No. 2369

WASHINGTON BOROUGH SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Financial Assistance
for the Fiscal Year ended June 30, 2021

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2020	Carryover/ Walkover Amount	Cash Received	Budget Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2021			Cumulative Total Expenditures	
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education																	
General Fund:																	
Medical Assistance Aid	93.778	1905NJ5MAP	N/A	\$ 19,925	7/1/20	6/30/21			\$ 19,925	\$ (19,925)							\$ 19,925
Total General Fund							-	-	19,925	(19,925)	-	-	-	-	-	-	19,925
U.S. Department of Treasury Passed-through																	
State Department of Education:																	
Special Revenue Fund:																	
Coronavirus Relief Fund Grant	21.019	TBD	N/A	35,383	3/1/20	12/31/21			35,383	(35,383)							35,383
Total Coronavirus Relief Fund							-	-	35,383	(35,383)	-	-	-	-	-	-	35,383
U.S. Department of Education Passed-through																	
State Department of Education																	
Special Revenue Fund:																	
Title I	84.010	S010A190030	N/A	131,893	7/1/20	6/30/21			27,136	(131,893)		\$ (104,757)					131,893
Title I Cluster							-	-	27,136	(131,893)	-	-	(104,757)	-	-	-	131,893
Title II Part A	84.367	S367B190027	N/A	14,484	7/1/20	6/30/21			14,484	(14,484)							14,484
Title IV	84.424A	S424B190027	N/A	10,000	7/1/20	6/30/21			2,329	(2,329)			(7,671)	\$ 7,671			10,000
I.D.E.A. Part B, Basic Regular	84.047	H027A190100	FT279019	144,578	7/1/20	6/30/21			144,578	(144,578)							144,578
I.D.E.A. Part B, Basic Preschool Special Education Cluster	84.173	H173A190114	FT279019	7,885	7/1/20	6/30/21			7,885	(7,885)							7,885
							-	-	152,463	(152,463)	-	-	-	-	-	-	152,463
CARES Emergency Relief Grant	84.425D	S425D200027	CARES	111,231	3/13/20	9/30/22	\$ (93,205)		111,231	(18,026)							18,026
CRRSA - ESSER II	84.425D	S425D200027	CRRSA	432,326	3/13/20	9/30/23						(432,326)	432,326				
CRRSA - Learning	84.425D	S425D200027	CRRSA	27,744	3/13/20	9/30/23						(27,744)	27,744				
CRRSA - Mental Health	84.425D	S425D200027	CRRSA	45,000	3/13/20	9/30/23						(45,000)	45,000				
Total CARES							(93,205)	-	111,231	(18,026)	-	-	(505,070)	505,070	-	-	18,026
Total Special Revenue Fund							(93,205)	-	343,026	(354,578)	-	-	(617,498)	512,741	-	-	362,249
State Department of Agriculture																	
Enterprise Fund:																	
Child Nutrition Cluster:																	
National School Lunch Program (Food Distribution)	10.555	201NJ304N1099	N/A		7/1/19	6/30/20	869			(869)							869
National School Lunch Program (Food Distribution)	10.555	211NJ304N1099	N/A	7,696	7/1/20	6/30/21			7,696	(6,132)				1,564			6,132
School Breakfast Program	10.553	201NJ304N1099	N/A		7/1/19	6/30/20	(258)		258								
School Breakfast Program	10.553	211NJ304N1099	N/A	75,836	7/1/20	6/30/21			71,587	(75,836)			(4,249)				75,836
National School Lunch Program	10.555	201NJ304N1099	N/A		7/1/19	6/30/20	(407)		407								
National School Lunch Program	10.555	211NJ304N1099	N/A	120,187	7/1/20	6/30/21			113,457	(120,187)			(6,730)				120,187
Total Enterprise Fund							204	-	193,405	(203,024)	-	-	(10,979)	1,564	-	-	203,024
TOTAL FEDERAL ASSISTANCE							\$ (93,001)	-	\$ 556,356	\$ (577,527)	-	-	\$ (628,477)	\$ 514,305	-	-	\$ 585,198

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.
Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance.

WASHINGTON BOROUGH SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2021

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2020	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2021			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education															
General Fund:															
Equalization Aid	21-495-034-5121-078	7/1/20-6/30/21	\$ 2,700,325			\$ 2,700,325	\$ (2,700,325)							*	
Transportion Aid	21-495-034-5121-014	7/1/20-6/30/21	27,569			27,569	(27,569)							*	\$ 266,785 \$ 2,700,325
Special Education Aid	21-495-034-5121-089	7/1/20-6/30/21	295,505			295,505	(295,505)							*	27,569
Security Aid	21-495-034-5121-084	7/1/20-6/30/21	96,092			96,092	(96,092)							*	29,195 295,505
Extraordinary Aid	21-495-034-5121-044	7/1/20-6/30/21					-							*	9,494 96,092
Non-Public Transportation Aid	20-100-034-5121-068	7/1/21-6/30/20	580			580	(580)							*	580
On Behalf TPAF Pension	21-495-034-5094-002	7/1/20-6/30/21	1,037,402			1,037,402	(1,037,402)							*	1,037,402
On Behalf TPAF Pension PRM	21-495-034-5094-001	7/1/20-6/30/21	325,106			325,106	(325,106)							*	325,106
On Behalf TPAF Pension LTD Ins	21-495-034-5094-004	7/1/20-6/30/21	710			710	(710)							*	710
Reimbursed TPAF Soc. Secur. Contrib.	21-495-034-5094-003	7/1/20-6/30/21	265,458	\$ (13,408)		278,866	(265,458)							*	265,458
Total General Fund				(13,408)		4,762,155	(4,748,747)							*	308,198 4,748,747
Special Revenue Fund:															
Preschool Education Expansion Aid	21-495-034-5121-086	7/1/20-6/30/21	1,284,723	95,017		1,284,723	(1,379,669)							*	128,476 1,379,669
Total Special Revenue Fund				95,017		1,284,723	(1,379,669)							*	128,476 1,379,669
State Department of Agriculture															
Enterprise Fund:															
Nat. School Lunch Prog.(State Share)	20-100-010-3350-023	7/1/21-6/30/20		(6)		6								*	
Nat. School Lunch Prog.(State Share)	21-100-010-3350-023	7/1/20-6/30/21	5,917			5,437	(5,917)				\$ (480)			*	5,917
Total Enterprise Fund				(6)		5,443	(5,917)				(480)			*	5,917
Total State Financial Assistance				\$ 81,603	-	\$ 6,052,321	\$ (6,134,333)	-	-	\$ (480)	\$ 71	-		*	\$ 436,674 \$ 6,134,333
				Less: On-behalf TPAF Pension Amounts											
				On Behalf TPAF Pension 1,037,402											
				On Behalf TPAF Pension PRM 325,106											
				On Behalf TPAF Pension LTD Ins 710											
				Total State Expenditures Subject to Major Program Determination \$ (4,771,115)											

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying state schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.* 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$11,833) for the general fund and (\$345,662) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 19,925	\$ 4,736,914	\$ 4,756,839
Special Revenue Fund	473,983	828,234	1,302,217
Food Service Fund	<u>203,024</u>	<u>5,916</u>	<u>208,940</u>
Total Financial Assistance	<u>\$ 696,932</u>	<u>\$ 5,571,064</u>	<u>\$ 6,267,996</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? ___ Yes x No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes x None

Reported

Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards

Not Applicable

Internal control over major programs:

1) Material weakness(es) identified? ___ Yes ___ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ None

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? ___ Yes ___ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? xyes no

Internal Control over major programs:
1) Material weakness(es) identified? yes xno
2) Were significant deficiencies identified that were not considered to be material weaknesses? yes xnone

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable? yes xno

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

21-495-034-5120-078
21-495-034-5094-003

Equalization Aid (State Aid Cluster)
Reimbursed TPAF Soc. Secur. Contrib.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section II-Financial Statement Findings

N/A

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with *Government Auditing Standards*.

Section III - State Financial Assistance Findings and Questioned Costs

N/A

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.

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

STATUS OF PRIOR YEAR FINDINGS

N/A

In accordance with *government auditing standards* , our procedures included a review of all prior year recommendations. There were no prior year findings.