

**SCHOOL DISTRICT
OF
WASHINGTON TOWNSHIP**

**Washington Township School District
Long Valley, New Jersey**

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

**Comprehensive Annual
Financial Report**

of the

Washington Township School District

Long Valley, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

**Washington Township School District
Business Office**

WASHINGTON TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

Washington Township Board of Education

53 West Mill Road, Long Valley, NJ 07853

Phone: 908-876-4172

Fax: 908-876-9392

Peter Turnamian, Ed. D.
Interim Superintendent

Liz George, CPA
Business Administrator

November 19, 2021

The Honorable President and Members of
the Board of Education
Washington Township School District
Long Valley, New Jersey 07853

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report of the Washington Township School District (the "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 Washington Township Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction overview and analysis of the basic financial statements. It is intended to complement this letter of transmittal and should be read in conjunction with it.

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

1) REPORTING ENTITY AND ITS SERVICES: The Washington Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Washington Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2020-21 fiscal year with an enrollment of 1,955 students, which is a decrease of 77 students from the previous year's enrollment.

The District has had significant enrollment declines over the past 10 years; however, enrollment is now projected to stabilize. Students in grades K thru 5 are served in 3 neighborhood schools while students in grades 6 thru 8 are served in the centrally located middle school. While the first school was built in 1949 and the last in 2006 the District takes great pride in maintaining all buildings to meet the educational needs of the student population.

2) ECONOMIC CONDITION AND OUTLOOK: Washington Township is situated approximately 90 minutes west of New York City. Incorporated in 1798 and named for George Washington it is one of ten communities statewide named for the nation's first President. The Township comprises approximately 45 square miles and represents a blend of historic, farming and bucolic elements that make the area highly attractive from a quality of life perspective. Its citizens are highly supportive of the schools and very involved in the abundance of activities offered by community organizations. The Township is primarily residential with a very small commercial center and limited commercial activities. This is not expected to change. A large amount of undeveloped property has been placed in the farmland preservation program. It is not anticipated that there will be major fluctuations in the tax base.

As of the 2010 United States Census, there are 18,533 people, 6,237 households and 5,195 families residing in the township. With a median household income of \$112,651 and only .9% of the population living below the poverty line, the district has been classified by the New Jersey State Department of Education as an "I" district for the District Factor Group (DFG) reporting. The DFG, which also factors in property value, educational background and occupational status is an indicator of the socioeconomic status of citizens in each district. The District's classification places it in the highest 20% of New Jersey Districts.

The District has the appropriate facilities to meet the educational and support needs of its student population; therefore, there are currently no plans for expansion of our schools. As the student population has declined the District has been able to enhance programs offered to students in district facilities, reducing reliance on tuition based services and stabilizing costs. The District continues to utilize financing for major equipment purchases in the areas of technology and transportation due to the current interest environment but will re-evaluate should current financial markets change. While nationally Charter Schools have become popular, the district has seen limited use of this alternative education source having just four students choose this option in the past school year.

3) MAJOR INITIATIVES: The Washington Township Schools offer a diverse and challenging curriculum that is reviewed on a continual cycle to ensure that it is meeting the needs of the students. Equally important is the emphasis placed on socio-emotional needs, character, and respectfulness. Each of the District schools seeks to offer an environment that is free from bullying and rich with experiences that nurture the whole child. The District continues its focus on enhancing technology for both staff and students. Network infrastructure upgrades have been completed as well as updates to mobile technology district wide. The District places great emphasis on the maintenance of school buildings and has recently completed a facility assessment in order to determine future capital projects for inclusion in the District's Long Range Facility Plan.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted by the Board of Education, after initial approval by the New Jersey State Department of Education and holding a public hearing for the local taxpayers, for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. All budget amendments are approved as necessary by the Board of Education.

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

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

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

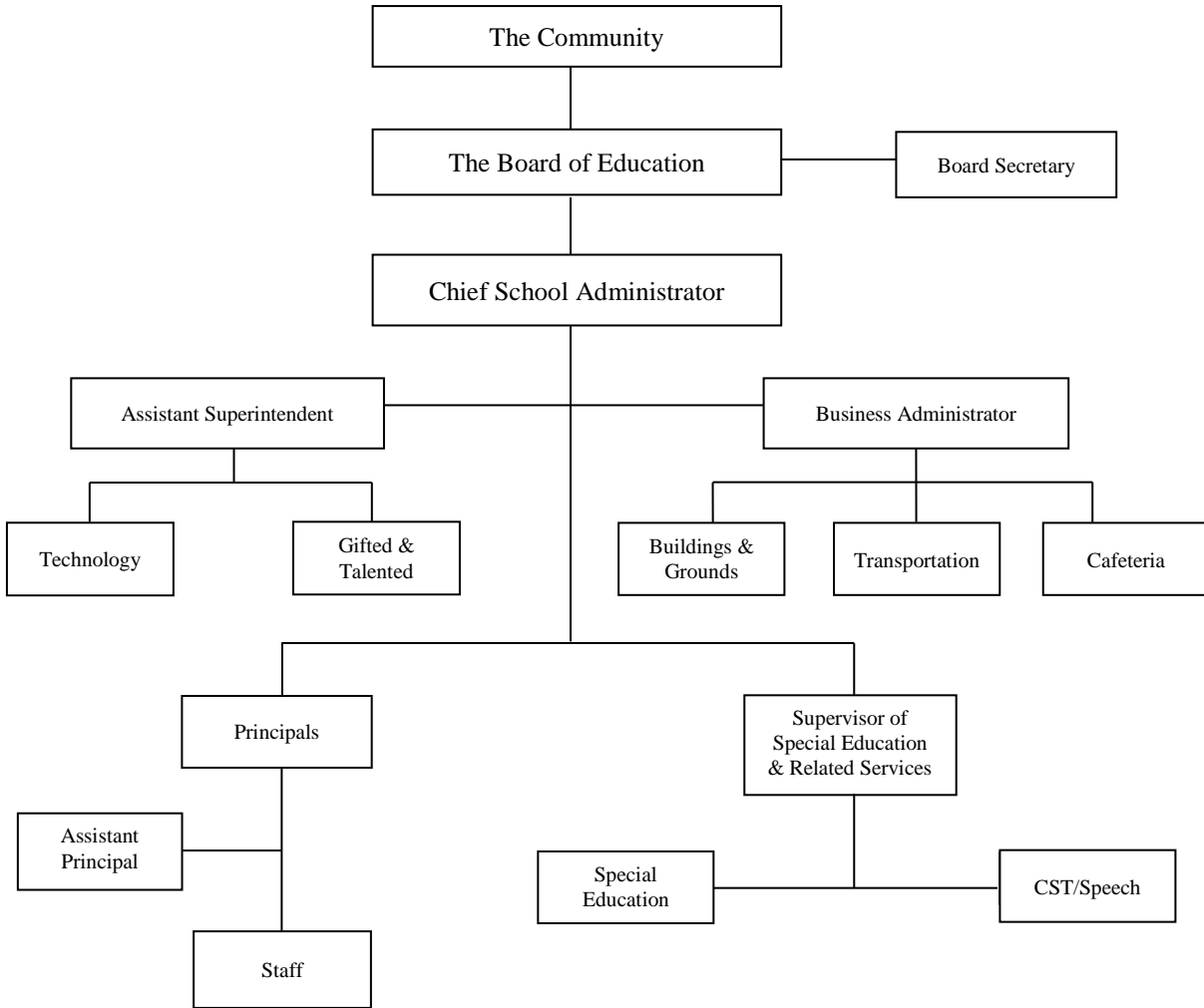
8) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Washington Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

Peter Turnamian
Peter Turnamian, Ed. D.
Superintendent

Elizabeth George
Elizabeth George, CPA
Business Administrator/Board Secretary

*Washington Township School District
Long Valley, New Jersey 07853*



**WASHINGTON TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jessica DeCicco, President	2022
Kelly DeMayo, Vice President	2022
Carmine Capogrosso	2021
Justin Kinney	2021
Jason Koestenblatt	2023
Jose Lourenco	2021
Kiera Mitchell	2022
Jill Mucerino	2023
Stephanie Wilson	2023

<u>Other Officers</u>	<u>Title</u>
Jeffrey S. Mohre	Superintendent of Schools (To June 30, 2021)
Peter Turnamian, Ed. D	Superintendent of Schools (From July 1, 2021)
Elizabeth George, CPA	Board Secretary/School Business Administrator

WASHINGTON TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia LLP
200 Valley Road Suite 300
Mount Arlington, NJ 07856

and

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Fogarty & Hara
21-00 Route 208 South, Suite 301
Fair Lawn, NJ 07410

Official Depository

Valley National Bank
342 Route 46 West
Budd Lake, NJ 07828

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Washington Township School District (the “District”) in the County of Morris, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 20 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 19, 2021
Mount Arlington, New Jersey

NISIVOCCIA LLP

Francis Jones of Nisivoccia LLP

Francis Jones

Licensed Public School Accountant #1154

Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**WASHINGTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section of Washington Township School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Notes to financial statements* provide additional information essential to a full understanding of district wide and fund financial statements.

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

**Figure A-1
Organization of Washington Township School District’s Financial Report**

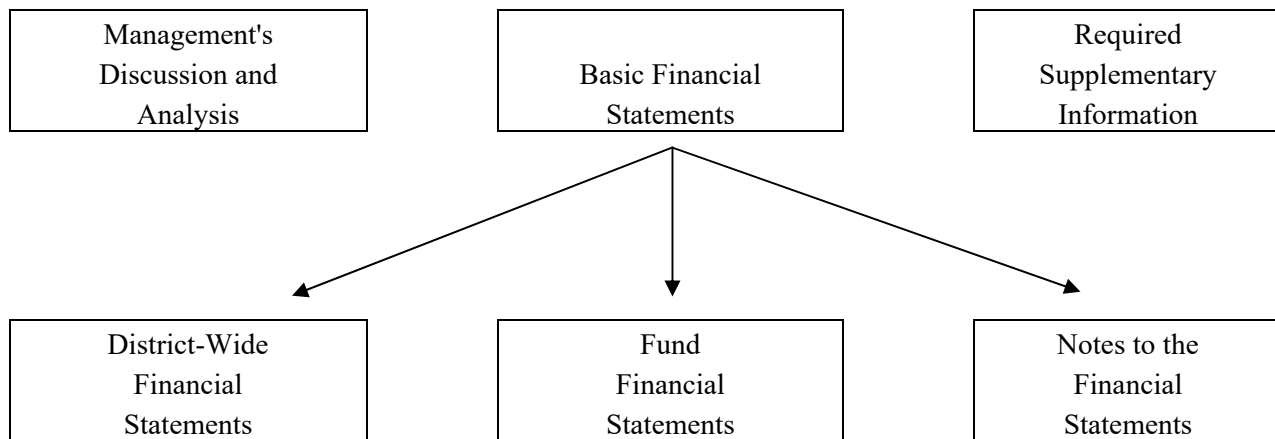


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

Financial Analysis of the District as a Whole

Net position. The Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a school’s financial position.

The District’s financial position is the product of financial transactions including the net results of activities, the acquisition and payment of bonded and long-term liabilities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

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

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2019/20*	2020/21	2019/20	2020/21	2019/20*	2020/21	
Assets:							
Current and							
Other Assets	\$ 6,357,717	\$ 9,786,394	\$ (77,577)	\$ (107,505)	\$ 6,280,140	\$ 9,678,889	
Capital Assets, Net	40,186,978	40,828,793	25,065	14,568	40,212,043	40,843,361	
Total Assets	46,544,695	50,615,187	(52,512)	(92,937)	46,492,183	50,522,250	8.67%
Deferred Outflows of Resources	2,471,936	1,667,325			2,471,936	1,667,325	-32.55%
Liabilities:							
Long-Term Liabilities	20,277,596	16,860,811			20,277,596	16,860,811	
Other Liabilities	1,036,206	5,213,227	51,796	42,353	1,088,002	5,255,580	
Total Liabilities	21,313,802	22,074,038	51,796	42,353	21,365,598	22,116,391	3.51%
Deferred Inflows of Resources	5,644,922	5,818,977			5,644,922	5,818,977	3.08%
Net Position:							
Net Investment in							
Capital Assets	34,033,647	36,347,933	25,065	14,568	34,058,712	36,362,501	
Restricted	4,308,829	4,328,230			4,308,829	4,328,230	
Unrestricted/(Deficit)	(16,284,569)	(16,286,666)	(129,373)	(149,858)	(16,413,942)	(16,436,524)	
Total Net Position/(Deficit)	\$ 22,057,907	\$ 24,389,497	\$ (104,308)	\$ (135,290)	\$ 21,953,599	\$ 24,254,207	10.48%

* - Restated

Changes in Net Position. The District’s combined net position was \$28,428,207 on June 30, 2021, \$6,474,608 or 29.49% more than it was the year before (See Figure A-3). The net position of the governmental activities increased \$6,505,590 and the net position of the business-type activates decreased \$30,982 (See Figure A-4).

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	
	Revenue:						
Program Revenue:							
Charges for Services	\$ 1,381,881	\$ 1,104,441	\$ 314,601	\$ 17,036	\$ 1,696,482	\$ 1,121,477	
Operating Grants and Contributions	24,420,173	25,894,743	74,861	410,143	24,495,034	26,304,886	
General Revenue:							
Property Taxes	36,705,111	37,018,250			36,705,111	37,018,250	
Not Restricted	1,584	109,681			1,584	109,681	
Other	262,306	250,118			262,306	250,118	
Total Revenue	62,771,055	64,377,233	389,462	427,179	63,160,517	64,804,412	2.60%
Expenses:							
Instruction	34,353,176	35,347,055			34,353,176	35,347,055	
Pupil and Instruction Services	12,095,729	11,491,430			12,095,729	11,491,430	
Administrative and Business	4,277,311	4,451,368			4,277,311	4,451,368	
Maintenance and Operations	5,093,739	5,667,590			5,093,739	5,667,590	
Transportation	5,064,649	4,802,868			5,064,649	4,802,868	
Other	328,067	285,332	417,582	458,161	745,649	743,493	
Total Expenses	61,212,671	62,045,643	417,582	458,161	61,630,253	62,503,804	1.42%
Other Item	103,497				103,497		-100.00%
Increase/(Decrease) in							
Net Position	1,661,881	2,331,590	(28,120)	(30,982)	1,633,761	2,300,608	40.82%
Beginning Net Position (Restated)	20,396,026	22,057,907	(76,188)	(104,308)	20,319,838	21,953,599	
Ending Net Position	<u>\$ 22,057,907</u>	<u>\$ 24,389,497</u>	<u>\$ (104,308)</u>	<u>\$ (135,290)</u>	<u>\$ 21,953,599</u>	<u>\$ 24,254,207</u>	10.48%

Governmental Activities

The financial position of the District improved. However, maintaining existing programs and the provision of a multitude of special programs and services for disabled students places great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented/continued during the year were:

- Use of federal funds for tuition and related service costs.
- Increased emphasis on safety initiatives resulted in significant dividends received from the District's workers' compensation insurance pool due to positive prior claim experience and past pool net position.
- Employee contributions to offset increasing health benefit premium costs.
- Energy and process reviews in the area of custodial operations to determine cost saving potential were enhanced.

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

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-5
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2019/20	2020/21	2019/20	2020/21
Sources of Income:				
Instruction	\$ 34,353,176	\$ 35,347,055	\$ 16,143,405	\$ 16,457,932
Pupil and Instruction Services	12,095,729	11,491,430	8,654,545	7,851,698
Administrative and Business	4,277,311	4,451,368	2,977,778	2,959,947
Maintenance and Operations	5,093,739	5,667,590	4,033,858	4,262,997
Transportation	5,064,649	4,802,868	3,272,964	3,228,553
Other	328,067	285,332	328,067	285,332
	<u>\$ 61,212,671</u>	<u>\$ 62,045,643</u>	<u>\$ 35,410,617</u>	<u>\$ 35,046,459</u>

Business-Type Activities

Net position from the District's business-type activity decreased by \$30,982. (Refer to Figure A-4). Factors contributing to this result were:

- Expenses exceeded revenues in food service fund by \$30,982 due to the District's switch to virtual learning in March 2020.

Financial Analysis of the District's Funds

The District's financial position improved despite significant changes in the student clientele and continued challenges from economic conditions as well as state and federal mandates. Expenditures related to special needs children have increased due to additional students requiring related services and material needs and the intensity as to which those services and materials are required to serve the individualized needs of the students. Salaries of staff have been increased by prior year negotiated agreements. Fund balance in the General Fund increased primarily as a result of conservative budgeting principles utilized by the District.

Figure A-6
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	
Land	\$ 1,024,701	\$ 1,024,701			\$ 1,024,701	\$ 1,024,701	
Construction in Progress	352,408	2,537,439			352,408	2,537,439	
Site Improvements, Buildings and Building Improvements, Furniture, Machinery and Equipment	<u>38,809,869</u>	<u>37,266,653</u>	<u>\$ 25,065</u>	<u>\$ 14,568</u>	<u>38,834,934</u>	<u>37,281,221</u>	
	<u>\$ 40,186,978</u>	<u>\$ 40,828,793</u>	<u>\$ 25,065</u>	<u>\$ 14,568</u>	<u>\$ 40,212,043</u>	<u>\$ 40,843,361</u>	1.57%

Long-term Liabilities

At year-end, the District had \$3,885,000 in general obligation bonds outstanding – a reduction of \$1,250,000 from last year – as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the Basic Financial Statements.)

Figure A-7
Outstanding Long-Term Liabilities

	Total School District		Percentage Change
	2019/20	2020/21	
Serial Bonds Payable	\$ 5,135,000	\$ 3,885,000	
Unamortized Bond Premium	264,479	198,360	
Capital Leases Payable	1,116,394	669,407	
Net Pension Liability	11,521,261	9,899,784	
Compensated Absences Payable	2,240,462	2,208,260	
	<u>\$ 20,277,596</u>	<u>\$ 16,860,811</u>	-16.85%

Factors Bearing on the District’s Future Revenue/Expense Changes

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

- The continued impact of S1701 legislation. S1701, adopted by the State of New Jersey on June 17, 2004, places limits on the District’s ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to appropriate available fund balance as needed, and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year has severely impacted our ability to maintain and improve our facilities. In addition, the limitation of unassigned fund balance to 2% of expenditures reduces the District’s ability to respond to emergent conditions and limits the use of fund balance in future budgets.
- Upon the passage of S2, the District was notified of anticipated reductions in State Aid due to previous declines in enrollment and the State not utilizing the State Aid Funding Formula for the apportioning of aid to local districts in prior years. As a result, there could be increased pressure to increase the local tax rate at the expense of cutting services. The fiscal year ending June 30, 2021 was the 3rd of a 6 year implementation of S2.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers, customers and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 53 West Mill Road, Long Valley, New Jersey 07853.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,262,918		\$ 4,262,918
Receivables from Federal Government	30,146		30,146
Receivables from State Government	960,606	\$ 3,713	964,319
Receivables from Federal Government		44,616	44,616
Receivables from Other Governments	2,125		2,125
Other Receivables	38,249		38,249
Internal Balances	172,131	(172,131)	
Inventory		16,297	16,297
Restricted Cash and Cash Equivalents	4,320,219		4,320,219
Capital Assets:			
Sites (Land) and Construction in Progress	3,562,140		3,562,140
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	37,266,653	14,568	37,281,221
Total Assets	<u>50,615,187</u>	<u>(92,937)</u>	<u>50,522,250</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	271,907		271,907
Deferred Outflows Related to Pensions	1,395,418		1,395,418
Total Deferred Outflows of Resources	<u>1,667,325</u>		<u>1,667,325</u>
LIABILITIES			
Accounts Payable	1,005,396		1,005,396
Unearned Revenue	33,831	42,353	76,184
Bond Anticipation Notes Payable	4,174,000		4,174,000
Noncurrent Liabilities:			
Due Within One Year	1,803,977		1,803,977
Due Beyond One Year	15,056,834		15,056,834
Total Liabilities	<u>22,074,038</u>	<u>42,353</u>	<u>22,116,391</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	5,818,977		5,818,977
Total Deferred Inflows of Resources	<u>5,818,977</u>		<u>5,818,977</u>
NET POSITION			
Net Investment in Capital Assets	36,347,933	14,568	36,362,501
Restricted for:			
Debt Service	8,011		8,011
Capital Projects	3,399,269		3,399,269
Emergency Reserve	200,000		200,000
Student Activities	19,877		19,877
Unemployment Compensation	701,073		701,073
Unrestricted/(Deficit)	(16,286,666)	(149,858)	(16,436,524)
Total Net Position/(Deficit)	<u>\$ 24,389,497</u>	<u>\$ (135,290)</u>	<u>\$ 24,254,207</u>

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

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

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Governmental Activities	Business-type Activities	Total
			Grants and Contributions			
Governmental Activities:						
Instruction:						
Regular	\$ 23,543,832		\$ 12,310,990	\$ (11,232,842)		\$ (11,232,842)
Special Education	10,077,903		6,183,980	(3,893,923)		(3,893,923)
Other Special Instruction	1,619,925		357,383	(1,262,542)		(1,262,542)
School Sponsored/Other Instruction	105,395		36,770	(68,625)		(68,625)
Support Services:						
Tuition	1,013,535		507,511	(506,024)		(506,024)
Student & Instruction Related Services	10,477,895		3,132,221	(7,345,674)		(7,345,674)
General Administrative Services	1,065,670		269,323	(796,347)		(796,347)
School Administrative Services	2,374,815		872,788	(1,502,027)		(1,502,027)
Central Services	1,008,133		349,310	(658,823)		(658,823)
Administrative Information Technology	2,750			(2,750)		(2,750)
Plant Operations and Maintenance	5,667,590		1,404,593	(4,262,997)		(4,262,997)
Pupil Transportation	4,802,868	\$ 1,104,441	469,874	(3,228,553)		(3,228,553)
Interest on Long-Term Debt	207,614			(207,614)		(207,614)
Transfer to Charter School	77,718			(77,718)		(77,718)
Total Governmental Activities	62,045,643	1,104,441	25,894,743	(35,046,459)	\$ -0-	(35,046,459)
Business-Type Activities:						
Food Service	458,161	17,036	410,143		(30,982)	(30,982)
Total Business-Type Activities	458,161	17,036	410,143		(30,982)	(30,982)
Total Primary Government	\$ 62,503,804	\$ 1,121,477	\$ 26,304,886	\$ (35,046,459)	\$ (30,982)	\$ (35,077,441)

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 35,626,700		\$ 35,626,700
Taxes Levied for Debt Service	1,391,550		1,391,550
Federal and State Aid not Restricted	109,681		109,681
Miscellaneous Income	250,118		250,118
Total General Revenue	37,378,049		37,378,049
Change in Net Position	2,331,590	\$ (30,982)	2,300,608
Net Position/(Deficit) - Beginning (Restated)	22,057,907	(104,308)	21,953,599
Net Position/(Deficit) - Ending	\$ 24,389,497	\$ (135,290)	\$ 24,254,207

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

FUND FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,616,786	\$ 1,560	\$ 1,636,561	\$ 8,011	\$ 4,262,918
Receivables From Federal Government		30,146			30,146
Receivables From State Government	960,606				960,606
Receivables From Other Government		2,125			2,125
Interfund Receivable	343,516				343,516
Other Receivables	9,628				9,628
Restricted Cash and Cash Equivalents	4,300,342	19,877			4,320,219
Total Assets	<u>\$ 8,230,878</u>	<u>\$ 53,708</u>	<u>\$ 1,636,561</u>	<u>\$ 8,011</u>	<u>\$ 9,929,158</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 467,409				\$ 467,409
Unearned Revenue		\$ 33,831			\$ 33,831
Bond Anticipation Notes Payable			\$ 4,174,000		\$ 4,174,000
Total Liabilities	<u>467,409</u>	<u>33,831</u>	<u>4,174,000</u>		<u>4,675,240</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	3,399,269				3,399,269
Emergency Reserve Account	200,000				200,000
Student Activities		19,877			19,877
Debt Service				\$ 8,011	8,011
Unemployment Compensation	701,073				701,073
Assigned:					
Subsequent Year's Expenditures	1,282,488				1,282,488
Year-end Encumbrances	293,976				293,976
Unassigned	1,886,663		(2,537,439)		(650,776)
Total Fund Balances	<u>7,763,469</u>	<u>19,877</u>	<u>(2,537,439)</u>	<u>8,011</u>	<u>5,253,918</u>
Total Liabilities and Fund Balances	<u>\$ 8,230,878</u>	<u>\$ 53,708</u>	<u>\$ 1,636,561</u>	<u>\$ 8,011</u>	<u>\$ 9,929,158</u>

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

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

Fund Balance of Governmental Funds	\$ 5,253,918
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	40,828,793
Internal service funds are used by management to charge the costs of transportation and health benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.	(164,872)
The deferred amount on the refunding is reported as an expenditure in the Governmental Funds in the year of expenditure.	271,907
Premium on Bond Issuance is reported as a revenue in the Governmental Funds.	(198,360)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(9,899,784)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows - Pensions	879,539
Deferred Inflows - Pensions	(5,818,977)
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.	<u>(6,762,667)</u>
Net Position of Governmental Activities	<u>\$ 24,389,497</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

REVENUE:	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Local Sources:					
Local Tax Levy	\$ 35,626,700			\$ 1,391,550	\$ 37,018,250
Miscellaneous	250,118	\$ 63,233			313,351
Total - Local Sources	<u>35,876,818</u>	<u>63,233</u>		<u>1,391,550</u>	<u>37,331,601</u>
State Sources	15,483,711		\$ 103,759		15,587,470
Federal Sources	5,922	747,070			752,992
Total Revenue	<u>51,366,451</u>	<u>810,303</u>	<u>103,759</u>	<u>1,391,550</u>	<u>53,672,063</u>

EXPENDITURES:

Current:					
Regular Instruction	12,073,845	193,593			12,267,438
Special Education Instruction	4,955,537	27,134			4,982,671
Other Special Instruction	1,118,756				1,118,756
School Sponsored/Other Instruction	53,831				53,831
Support Services and Undistributed Costs:					
Tuition	506,024	507,511			1,013,535
Student & Instruction Related Services	5,247,129	90,078			5,337,207
General Administrative Services	651,251				651,251
School Administrative Services	1,201,460				1,201,460
Central Services	518,286				518,286
Administrative Information Technology	2,750				2,750
Plant Operations and Maintenance	3,817,736				3,817,736
Pupil Transportation	3,572,053				3,572,053
Unallocated Benefits	16,185,197				16,185,197

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES (Cont'd):					
Debt Service:				\$ 1,250,000	\$ 1,250,000
Principal				141,550	141,550
Interest and Other Charges	\$ 77,718				77,718
Transfer to Charter School	210,043		\$ 2,185,031		2,395,074
Capital Outlay					
Total Expenditures	<u>50,191,616</u>	<u>\$ 818,316</u>	<u>2,185,031</u>	<u>1,391,550</u>	<u>54,586,513</u>
Net Change in Fund Balances	1,174,835	(8,013)	(2,081,272)		(914,450)
Fund Balance/(Deficit)—July 1 (Restated)	<u>6,588,634</u>	<u>27,890</u>	<u>(456,167)</u>	<u>8,011</u>	<u>6,168,368</u>
Fund Balance/(Deficit)—June 30	<u>\$ 7,763,469</u>	<u>\$ 19,877</u>	<u>\$ (2,537,439)</u>	<u>\$ 8,011</u>	<u>\$ 5,253,918</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (914,450)

Total Net Change in Fund Balances - Internal Service Funds prior to depreciation expense (from B-5) 545,339

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

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

Capital Outlays	\$ 2,478,765
Depreciation	<u>(1,836,950)</u>
	641,815

In the Statement of Activities, the inclusion of internal service fund activity results in the elimination of capital financing activities from an internal service fund. (527,463)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 32,202

The governmental funds report the effect of the deferred amount on refunding of debt when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (-) (90,635)

The governmental funds report the effect of bond premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (+) 66,119

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

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

- Change in Net Pension Liability
- Change in Deferred Outflows
- Change in Deferred Inflows

\$ 1,621,477
(565,746)
(174,055)

Repayment of serial bonds and capital leases 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.

1,696,987

Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 2,331,590

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

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

	<u>Business-Type Activities - Enterprise Fund Food Service</u>	<u>Governmental Activities - Internal Service Fund</u>
<u>ASSETS:</u>		
Current Assets:		
Accounts Receivable:		
State	\$ 3,713	
Federal	44,616	
Other Receivables		\$ 28,621
Inventories	<u>16,297</u>	
Total Current Assets	<u>64,626</u>	<u>28,621</u>
Non-Current Assets:		
Capital Assets	370,897	5,721,094
Less: Accumulated Depreciation	<u>(356,329)</u>	<u>(3,610,539)</u>
Total Non-Current Assets	<u>14,568</u>	<u>2,110,555</u>
Total Assets	<u>79,194</u>	<u>2,139,176</u>
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable - Vendors		22,108
Interfund Payable - General Fund	172,131	171,385
Unearned Revenue	<u>42,353</u>	
Total Current Liabilities	<u>214,484</u>	<u>193,493</u>
Long Term Liabilities:		
Capital Leases Payable:		
Due Within One Year		417,857
Due Beyond One Year		<u>251,550</u>
Total Long-Term Liabilities		<u>669,407</u>
Total Liabilities	<u>214,484</u>	<u>862,900</u>
<u>NET POSITION:</u>		
Net Investment in Capital Assets	14,568	1,441,148
Unrestricted/(Deficit)	<u>(149,858)</u>	<u>(164,872)</u>
Total Net Position/(Deficit)	<u>\$ (135,290)</u>	<u>\$ 1,276,276</u>

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Fund <u>Food Service</u>	Governmental Activities - Internal Service Fund <u>Service Fund</u>
Operating Revenue:		
Local Sources:		
Daily Sales - Non-Reimbursable Programs	\$ 17,036	
Charges and Fees		\$ 4,327,441
Total Operating Revenue	<u>17,036</u>	<u>4,327,441</u>
Operating Expenses:		
Cost of Sales - Non-Reimbursable Programs	138,012	
Salaries, Benefits and Payroll Taxes	179,554	3,146,406
Professional and Technical Services	86,940	125,004
Supplies and Repairs	43,158	2,891
Depreciation Expense	10,497	476,558
Maintenance		500,549
Total Operating Expenses	<u>458,161</u>	<u>4,251,408</u>
Operating Income/(Loss)	<u>(441,125)</u>	<u>76,033</u>
Non-Operating Revenue/(Expense):		
Interest Expense on Capital Leases		(21,452)
State Sources:		
State School Lunch Program	107	
COVID-19 - Seamless Summer Option	15,804	
Federal Sources:		
National School Lunch Program	6,995	
COVID-19 - Seamless Summer Option	355,226	
Food Distribution Program	32,011	
Total Non-Operating Revenue/(Expense)	<u>410,143</u>	<u>(21,452)</u>
Change in Net Position Before Other Item	(30,982)	54,581
Other Item -		
Capital Asset Donation		14,200
Change in Net Position	(30,982)	68,781
Net Position/(Deficit) - Beginning of Year	<u>(104,308)</u>	<u>1,207,495</u>
Net Position/(Deficit) - End of Year	<u>\$ (135,290)</u>	<u>\$ 1,276,276</u>

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

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

	Business-type Activities - Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 92,553	\$ 4,535,029
Payments to Food Service Vendor	(409,289)	
Payments to Suppliers	(15,781)	(4,000,314)
Net Cash Provided by / (Used for) Operating Activities	(332,517)	534,715
Cash Flows from Capital Financing Activities:		
Capital Assets Donation		14,200
Capital Assets Purchases		(131,058)
Interest Expense on Capital Leases		(21,452)
Capital Lease Principal Payments		(396,405)
Net Cash (Used for) Capital Financing Activities		(534,715)
Cash Flows from Noncapital Financing Activities:		
Cash Received from Federal and State Sources	332,517	
Net Cash Provided by Noncapital Financing Activities	332,517	
Net Increase in Cash and Cash Equivalents	-0-	-0-
Cash and Cash Equivalents, July 1	-0-	-0-
Cash and Cash Equivalents, June 30	\$ -0-	\$ -0-
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:		
Operating Income/(Loss):	\$ (441,125)	\$ 76,033
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:		
Depreciation	10,497	476,558
Federal Food Distribution Program	32,011	
Changes in Assets and Liabilities:		
(Increase)/Decrease in Inventory	4,875	
(Increase)/Decrease in Accounts Receivable		207,588
Increase/(Decrease) in Accounts Payable	(9,417)	(7,776)
Increase/(Decrease) in Unearned Revenue	(26)	
Increase/(Decrease) in Interfund Payable	70,668	(217,688)
Net Cash Provided by/(Used for) Operating Activities	\$ (332,517)	\$ 534,715

Non-Cash Investing, Capital and Financing Activities:

The Food Service Fund received USDA donated commodities valued at \$32,250 and used \$32,011 commodities valued at during the fiscal year.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE 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 (the "Board") of Washington Township School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

B. Basis of Presentation: (Cont'd)

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. Separate statements for each fund category – *governmental and proprietary*- 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.

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary funds:

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

Internal Service Funds: The District operates an internal service fund for transportation. The fund is utilized to account for operations that are financed and operated in a manner similar to a private business enterprise.

C. Measurement Focus and Basis of Accounting

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of state aid. The State is recording the last two state aid payments in the subsequent fiscal year for the General Fund, as detailed more fully in Note 1P.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 51,265,633	\$ 856,857
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis differs from GAAP in that Budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP basis does not.		(46,554)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	708,095	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(607,277)	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 51,366,451	\$ 810,303
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule		
Differences - Budgetary to GAAP:		
Budgetary Comparison Schedule	\$ 50,191,616	\$ 818,316
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		(46,554)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 50,191,616	\$ 818,316

E. Cash and Cash Equivalents, and Investments:

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

E. Cash and Cash Equivalents, and Investments: (Cont'd)

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having market value of at least equal to five percent of the average daily balance of the collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

H. Encumbrances: (Cont'd)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

K. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	40 years
Site Improvements	20 years
Machinery, Furniture and Equipment	10 to 15 years

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2021.

N. Compensated Absences:

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

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

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

O. Net unearned revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$7,763,469 General Fund fund balance at June 30, 2021, \$293,976 is assigned for encumbrances; \$200,000 is restricted in the emergency reserve account; \$3,399,269 is restricted in the capital reserve account; \$701,073 is restricted for unemployment compensation; \$1,282,488 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2022; and \$1,886,663 is unassigned, which is \$607,277 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2022.

Special Revenue Fund: Special Revenue Fund fund balance at June 30, 2021 of \$19,877 is restricted for student activities and scholarships.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

Capital Projects Fund: Capital Projects Fund fund balance deficit at June 30, 2021 of \$2,537,439 is unassigned.

Debt Service Fund: Debt Service Fund fund balance at June 30, 2021 of \$8,011 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District did not have excess surplus at June 30, 2021.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$607,277 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 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted and total net position in the food service fund and business type activities. This was mostly the result of the deficit in operations in the current and prior years.

The District also has a deficit in unrestricted net position in the internal service transportation fund. This was mostly the result of operating expenses exceeding operating revenues caused by the closure of in-person learning in March of the prior year. The District is reviewing the transportation fund to ensure that further deficits do not occur in the future.

The District had a deficit in unrestricted net position of \$12,112,666 in governmental activities. The deficit in unrestricted governmental activities net position is primarily due to the net pension liability and related deferred inflows and outflows, and compensated absences payable offset by the committed, assigned and unassigned governmental fund balances at June 30, 2021. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources at June 30, 2021 related to pensions, and the District had deferred outflows of resources at June 30, 2021 for the deferred amount on the refunding of school bonds.

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2021.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2021.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

Operating revenue are those revenue that are generated directly from the primary activity of the proprietary funds. For the School District, this revenue is sales for food service, and charges and fees for transportation. Operating expenses are necessary costs incurred to provide the service that is the primary activity of each proprietary fund.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

V. Management Estimates:

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

W. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Credit Risk - The District limits its investments to those authorized in its cash management plan which are permitted under state statute as detailed in the section of this Note for Investments.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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, and

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Investments: (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.); ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Investments: (Cont'd)

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 4,262,918	\$ 4,320,219	\$ 8,583,137

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of cash and cash equivalents at June 30, 2021 for governmental activities was \$8,583,137. The bank balance was \$9,263,864.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Washington Township Board of Education by inclusion of \$200,100 on June 30, 2002 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2020	\$ 3,398,769
Plus: Interest	500
Ending Balance, June 30, 2021	\$ 3,399,269

The June 30, 2021 LRFP balance of local support costs of uncompleted capital projects at June 30, 2021 is equal to or greater than \$3,399,269.

NOTE 5: EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the Washington Township Board of Education for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

(Continued)

NOTE 5. EMERGENCY RESERVE ACCOUNT (Cont'd)

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 % of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The Department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements pursuant to N.J.S.A. 18A:7G-6(c)l.

The activity of the Emergency Reserve Account for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	<u>\$</u>	<u>200,000</u>
Ending Balance, June 30, 2021	<u>\$</u>	<u>200,000</u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District transferred \$227,365 to the capital outlay accounts for purchases of equipment, which did not require County Superintendent approval.

NOTE 7: CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 142,364
Student and Instruction Related Services	863,367
Operations and Maintenance of Plant	128,586
General Administration	36,739
Transportation	665,894
	<u>\$ 1,836,950</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7: CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,024,701			\$ 1,024,701
Construction in Progress	352,408	\$ 2,185,031		2,537,439
Total Capital Assets Not Being Depreciated	<u>1,377,109</u>	<u>2,185,031</u>		<u>3,562,140</u>
Capital Assets Being Depreciated:				
Site Improvements	1,719,020			1,719,020
Buildings and Building Improvements	57,627,411			57,627,411
Machinery and Equipment	7,249,829	293,734	\$ (97,789)	7,445,774
Total Capital Assets Being Depreciated	<u>66,596,260</u>	<u>293,734</u>	<u>(97,789)</u>	<u>66,792,205</u>
Governmental Activities Capital Assets	<u>67,973,369</u>	<u>2,478,765</u>	<u>(97,789)</u>	<u>70,354,345</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,719,020)			(1,719,020)
Buildings and Building Improvements	(21,369,938)	(1,322,457)		(22,692,395)
Machinery and Equipment	(4,697,433)	(514,493)	97,789	(5,114,137)
	<u>(27,786,391)</u>	<u>(1,836,950)</u>	<u>97,789</u>	<u>(29,525,552)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 40,186,978</u>	<u>\$ 641,815</u>	<u>\$ -0-</u>	<u>\$ 40,828,793</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 370,897			\$ 370,897
Less: Accumulated Depreciation	(345,832)	\$ (10,497)		(356,329)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 25,065</u>	<u>\$ (6,325)</u>	<u>\$ -0-</u>	<u>\$ 14,568</u>

The District expended \$2,185,031 towards construction projects in progress and for continuation of construction in the Capital Projects Fund and \$293,734 for improvements and equipment from the General Fund capital outlay accounts during the fiscal year. As of June 30, 2021, the District has \$2,537,439 in active construction projects with unexpended balances of \$1,636,748.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	Balance 6/30/2020	Accrued	Retired	Balance 6/30/2021
Serial Bonds Payable	\$ 5,135,000		\$ 1,250,000	\$ 3,885,000
Compensated Absences Payable	2,240,462	\$ 126,360	158,562	2,208,260
Unamortized Bond Issuance Premium	264,479		66,119	198,360
Net Pension Liability	11,521,261		1,621,477	9,899,784
Capital Leases Payable	1,116,394		446,987	669,407
	<u>\$ 20,277,596</u>	<u>\$ 126,360</u>	<u>\$ 3,543,145</u>	<u>\$ 16,860,811</u>

A. Unamortized Bond Premium:

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$66,119 and is separated from the long-term liability balance of \$132,241.

B. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2021 as follows:

Purpose	Final Maturity Date	Interest Rate	Amount
Refunding of 2003 Bonds	7/15/2023	3.00%	\$ 3,885,000

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

Fiscal Year	Principal	Interest	Total
2022	\$ 1,320,000	\$ 96,750	\$ 1,416,750
2023	1,350,000	56,700	1,406,700
2024	1,215,000	18,225	1,233,225
	<u>\$ 3,885,000</u>	<u>\$ 171,675</u>	<u>\$ 4,056,675</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. GENERAL LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable:

As of June 30, 2021, the Board had capital leases payable for the acquisition of vehicles with a total asset value of \$1,955,871 of which \$1,286,464 has been liquidated. The capital lease terms are for five years for buses. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2021.

<u>Year</u>	<u>Amount</u>
2022	\$ 255,897
2023	206,735
2024	119,377
2025	119,377
	<u>701,386</u>
Less: Amount representing interest	<u>(31,979)</u>
Present value of net minimum lease payments	<u>\$ 669,407</u>

The current portion of Capital Leases payable at June 30, 2021 is \$210,824 and the long-term portion is \$458,583. Capital leases will be liquidated through the internal service fund. As of June 30, 2021, the Transportation Fund had \$669,407 in capital leases payable.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$2,914 and is separated from the long-term liability balance of compensated absences of \$2,205,346. 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 Food Service Fund.

Compensated absences will be liquidated from the General Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$-0- and the long-term portion is \$9,899,784. See Note 9 for further information on the PERS.

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

(Continued)

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$498,558 for fiscal year 2021.

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

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

At June 30, 2021, the District reported a liability of \$9,899,784 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 used 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.0607%, which was a decrease of 0.003% from its proportion measured as of June 30, 2019.

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

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$168,040. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2016	5.57	\$ 321,160	
	2017	5.48		\$ (937,096)
	2018	5.63		(919,356)
	2019	5.21		(730,100)
	2020	5.16		(1,558,581)
			<u>321,160</u>	<u>(4,145,133)</u>
Changes in Proportion	2016	5.57	11,153	
	2017	5.48	28,584	
	2018	5.63		(344,911)
	2019	5.21		(706,928)
	2020	5.16		(586,995)
			<u>39,737</u>	<u>(1,638,834)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(121,144)	
	2018	5.00	(112,353)	
	2019	5.00	27,190	
	2020	5.00	544,690	
			<u>338,383</u>	
Difference Between Expected and Actual Experience	2016	5.57	9,746	
	2017	5.48	27,869	
	2018	5.63		(35,010)
	2019	5.21	55,809	
	2020	5.16	86,835	
			<u>180,259</u>	<u>(35,010)</u>
District Contribution Subsequent to the Measurement Date	2020	1.00	515,879	
			<u>\$ 1,395,418</u>	<u>\$(5,818,977)</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (1,242,242)
2022	(1,132,547)
2023	(647,222)
2024	(261,726)
2025	(56,604)
	\$ (3,340,341)

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:

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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 upon 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.

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

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

	June 30, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 12,434,570	\$ 9,899,784	\$ 7,708,410

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

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

Contributions

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021, the State of New Jersey contributed \$5,065,094 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$7,199,149.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

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

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$115,771,241. The net pension liability was measured as of June 30, 2020, and the total pension liability used 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.1758%, which was a decrease of 0.004586% from its proportion measured as of June 30, 2019.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		115,771,241
Total	\$	115,771,241

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$7,199,149 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
			<u>7,815,939,253</u>	<u>14,241,964,752</u>
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
			<u>986,767,511</u>	<u>182,357,860</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			<u>656,175,235</u>	
			<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

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

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long Term Expected Rate of Return

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate – TPAF

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 made based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on pension 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 TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 135,986,881	\$ 115,771,241	\$ 98,985,545

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$45,307 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$95,408 for the year ended June 30, 2021.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has not experienced any insurance settlements that have exceeded coverage for any of the previous three fiscal years. The District maintains commercial coverage for property, liability, student accident, and surety bonds. The District has maintained consistent coverage in these areas from the prior year. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The Washington Township School District is a member of the Morris Essex Insurance Group (the “Group”). The Group provides worker’s compensation coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk management pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for their respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the entity is elected.

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

The 2021 financial information for the group was not available as of the release of this audit. Selected summarized financial information for the Group as of June 30, 2020 is as follows:

Total Assets	\$ 11,802,954
Net Postion	\$ 8,479,975
Total Revenue	\$ 4,013,691
Total Expenses	\$ 2,294,520
Change in Net Position	\$ 694,089
Member Dividends	\$ (1,025,082)

Financial statements for the Group are available at the entity’s Executive Director’s Office:

Burton Agency
44 Bergen Street
PO Box 270
Westwood, NJ 07675

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ -0-	\$ -0-	\$ 42,222	\$ 15,308	\$ 701,073
2019-2020	-0-	-0-	54,050	14,561	674,159
2018-2019	-0-	-0-	41,422	18,929	634,670

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. INTERFUNDS PAYABLES, RECEIVABLES, AND TRANSFERS

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 343,516	
Enterprise Fund		\$ 172,131
Internal Service Fund		171,385
	<u>\$ 343,516</u>	<u>\$ 343,516</u>

The interfund between the General Fund and the Enterprise Fund, and Internal Service Fund were for funds advanced to cover the deficits in cash which existed in each fund at year end.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 13. DEFERRED COMPENSATION

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

VALIC Equitable Financial Companies Security Benefit	Fidelity Investments Lincoln Investment Planning
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NOTE 14. TAX CALENDAR

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

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

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2021, there were encumbrances as detailed below in the governmental funds.

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Vendors	\$ 293,976	\$ 46,554	\$ 1,636,748	\$ 1,977,278

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 15. CONTINGENT LIABILITIES (Cont'd)

Encumbrances (Cont'd)

On the District's Governmental Funds Balance Sheet as of June 30, 2019, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$46,554 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$1,636,748 of the year-end encumbrances in the Capital Projects Fund are included in the unassigned fund balance at June 30, 2020.

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2021 were as follows:

	<u>General Fund</u>	<u>District Contribution Subsequent to the Measurement Date</u>	<u>Internal Service Fund</u>	<u>Total Governmental Activities</u>
Vendors	\$ 219,010		\$ 22,108	\$ 241,118
Payroll Deductions and Withholdings	248,399			248,399
State of New Jersey		\$ 515,879		515,879
	<u>\$ 467,409</u>	<u>\$ 515,879</u>	<u>\$ 22,108</u>	<u>\$ 1,005,396</u>

NOTE 17. OTHER ACCOUNTS RECEIVABLE

Other accounts receivable as of June 30, 2021 were as follows:

	<u>General Fund</u>	<u>Internal Service Fund</u>	<u>Total Governmental Activities</u>
Other Receivables	\$ 9,628		\$ 9,628
Transportation Services		\$ 28,621	28,621
	<u>\$ 9,628</u>	<u>\$ 28,621</u>	<u>\$ 38,249</u>

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

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

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

Employees Covered by Benefit Terms

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 – 3.05%	2.00 – 6.00%
	based on service years	based on service years
Thereafter	1.55 – 3.05%	3.00 – 7.00%
	based on service years	based on service years

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

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	Total OPEB Liability
Balance at June 30, 2018	\$ 86,694,129
Changes for Year:	
Service Cost	2,725,133
Interest on the Total OPEB Liability	3,416,409
Changes of Assumptions	1,152,161
Difference between Expected and Actual Experiences	(14,412,115)
Gross Benefit Payments by the State	(2,372,080)
Contributions from Members	70,315
Net Changes	(9,420,177)
Balance at June 30, 2019	\$ 77,273,952

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 91,291,074	\$ 77,273,952	\$ 66,139,519

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 63,670,292	\$ 77,273,952	\$ 95,282,404

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

For the fiscal year ended June 30, 2021 the District recognized OPEB expense of \$3,257,865 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

	Original Amortization	Deferred Outflows of Resources	Deferred Inflows of Resources
	Year of Deferral	Period in Years	
Changes in Assumptions	2017	9.54	\$ 8,996,251
	2018	9.51	7,737,993
	2019	9.29	<u>\$ 1,028,139</u>
			<u>1,028,139</u>
Differences Between Expected and Actual Experience	2018	9.51	7,314,811
	2019	9.29	<u>12,101,258</u>
			19,416,069
Changes in Proportion	N/A	N/A	<u>3,041,945</u>
			<u>\$ 1,028,139</u>
			<u>\$ 39,192,257</u>

N/A - Not Available

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

Fiscal Year Ending June 30,	Total
2020	\$ (4,715,661)
2021	(4,715,661)
2022	(4,715,661)
2023	(4,715,661)
2024	(4,715,661)
Thereafter	<u>(11,543,866)</u>
	<u>\$ (35,122,172)</u>

NOTE 19. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 19. SUBSEQUENT EVENT (Cont'd)

The District's Food Service Enterprise Funds likely will be impacted by COVID-19 for the fiscal year ending June 30, 2021 as the number of meals served are being funded through the seamless summer option to ensure all students eat for free therefore there are no daily sales through fiscal year 2022.

The District's Internal Service Transportation Fund may be impacted by COVID-19 for the fiscal year ending June 30, 2021 as school closures are possible during the 2021-2022 school year.

NOTE 20. PRIOR YEAR ADJUSTMENT

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

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 21,355,858	\$ 702,049	\$ 22,057,907
<u>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	\$ 5,914,475	\$ 674,159	\$ 6,588,634
Special Revenue Fund:			
Fund Balance - June 30	\$ -0-	\$ 27,890	\$ 27,890
<u>Statement of Changes in Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	\$ 674,159	\$ (674,159)	\$ -0-
Private Purpose Scholarship Trust:			
Net Position - End of the Year	\$ 58,612	\$ (58,612)	\$ -0-

NOTE 21. BOND ANTICIPATION NOTE PAYABLE

On July 21, 2020, the District issued a bond anticipation note in the amount of \$4,174,000 with a 0.748% interest rate for cash flow purposes to pay for the referendum capital project which includes a partial roof replacement at Long Valley Middle and Old Farmers Road Schools, and electrical/HVAC upgrades to Old Farmers Road School. The notes matured on July 21, 2021.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2012
District's proportion of the net pension liability	0.0708566496%	0.0712462883%	0.0717948283%	0.0722803232%	0.0690067284%	0.0639413513%	0.0607073692%
District's proportionate share of the net pension liability	\$ 13,266,303	\$ 15,993,364	\$ 21,263,569	\$ 16,825,704	\$ 10,790,165	\$ 11,521,261	\$ 9,899,784
District's covered employee payroll	\$ 4,881,865	\$ 4,881,865	\$ 4,735,500	\$ 4,653,741	\$ 4,841,226	\$ 4,513,560	\$ 4,438,576
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	271.75%	327.61%	449.02%	361.55%	222.88%	255.26%	223.04%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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

WASHINGTON TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 477,117	\$ 504,167	\$ 637,815	\$ 669,600	\$ 686,394	\$ 498,768	\$ 498,558
Contributions in relation to the contractually required contribution	(477,117)	(504,167)	(637,815)	(669,600)	(686,394)	(498,768)	(498,558)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 4,881,865	\$ 4,735,500	\$ 4,653,741	\$ 4,841,226	\$ 4,513,560	\$ 4,438,576	\$ 4,335,841
Contributions as a percentage of covered employee payroll	9.77%	10.65%	13.71%	13.83%	15.21%	11.24%	11.50%

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

WASHINGTON TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.181799816%	0.177987580%	0.179466823%	0.173585978%	0.180402624%	0.180399504%	0.175813753%
State's proportionate share of the net pension liability attributable to the District	\$ 97,166,085	\$ 112,495,751	\$ 141,179,987	\$ 117,037,926	\$ 114,768,274	\$ 110,712,878	\$ 115,771,241
District's covered employee payroll	\$ 18,101,307	\$ 18,101,307	\$ 17,501,370	\$ 18,141,947	\$ 18,974,959	\$ 18,456,800	\$ 19,108,189
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	536.79%	621.48%	806.68%	645.12%	604.84%	599.85%	605.87%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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

WASHINGTON TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 5,228,448	\$ 6,868,878	\$ 10,607,712	\$ 10,607,712	\$ 6,690,589	\$ 6,530,141	\$ 7,199,149
Contributions in relation to the contractually required contribution	(926,266)	(1,436,881)	(1,884,230)	(2,656,694)	(3,548,023)	(3,925,388)	(5,065,094)
Contribution deficiency/(excess)	<u>\$ 4,302,182</u>	<u>\$ 5,431,997</u>	<u>\$ 8,723,482</u>	<u>\$ 7,951,018</u>	<u>\$ 3,142,566</u>	<u>\$ 2,604,753</u>	<u>\$ 2,134,055</u>
District's covered employee payroll	\$ 18,101,307	\$ 17,501,370	\$ 18,141,947	\$ 18,974,959	\$ 18,456,800	\$ 19,108,189	\$ 19,255,715
Contributions as a percentage of covered employee payroll	5.12%	8.21%	10.39%	14.00%	19.22%	20.54%	26.30%

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

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

	Fiscal Year Ending June 30,	
	2017	2018
Service Cost	\$ 3,823,165	\$ 3,186,988
Interest Cost	3,228,815	3,742,083
Differences between Expected and Actual Experience	(12,920,089)	(10,497,975)
Changes in Assumptions	87,378	(9,948,585)
Member Contributions	(2,372,952)	80,120
Gross Benefit Payments	(8,153,683)	(2,318,170)
Net Change in Total OPEB Liability	110,603,351	(15,755,539)
Total OPEB Liability - Beginning	\$ 102,449,668	\$ 86,694,129
Total OPEB Liability - Ending	\$ 22,795,688	\$ 23,816,185
District's Covered Employee Payroll *	449%	364%
Total OPEB Liability as a Percentage of Covered Employee Payroll		336%

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation, the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation, the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

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

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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

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

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

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 35,626,700		\$ 35,626,700	\$ 35,626,700	
Interest on Investments - Capital Reserve	500		500	500	
Interest on Investments			79,500	5,313	\$ (74,187)
Restricted Miscellaneous				26,914	26,914
Unrestricted Miscellaneous	216,500		137,000	217,391	80,391
Total - Local Sources	35,843,700		35,843,700	35,876,818	33,118
State Sources:					
Categorical Special Education Aid	1,591,751		1,591,751	1,591,751	
Categorical Transportation Aid	457,507		457,507	457,507	
Equalization Aid	4,080,908		4,080,908	4,080,908	
Categorical Security Aid	176,840		176,840	176,840	
Extraordinary Aid				878,494	878,494
Extraordinary Aid - Prior Year Excess				50,334	50,334
NonPublic Transportation Aid				11,546	11,546
On-Behalf TPAF Pension Contributions (Non-Budgeted)				5,065,094	5,065,094
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				96,370	96,370
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,617,522	1,617,522
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				2,401	2,401
TPAF Social Security (Reimbursed - Non-Budgeted)				1,354,126	1,354,126
Total State Sources	6,307,006		6,307,006	15,382,893	9,075,887
Federal Sources:					
Medicaid Reimbursement	20,776		20,776	5,665	(15,111)
FFCRA/SEMI Revenue				257	257
Total Federal Sources	20,776		20,776	5,922	(14,854)
TOTAL REVENUES	42,171,482		42,171,482	51,265,633	9,094,151

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 843,752	\$ (98,367)	\$ 745,385	\$ 738,052	\$ 7,333
Grades 1-5 - Salaries of Teachers	5,585,890	(126,531)	5,459,359	5,420,838	38,521
Grades 6-8 - Salaries of Teachers	4,475,424	(8,000)	4,467,424	4,408,688	58,736
Regular Programs - Home Instruction:					
Salaries of Teachers	11,000		11,000	700	10,300
Other Purchased Services	26,000	(4,300)	21,700	3,820	17,880
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	200,229	27,900	228,129	228,085	44
Other Purchased Services (400-500 series)	518,208	21,755	539,963	512,516	27,447
General Supplies	431,295	398,502	829,797	761,146	68,651
Total Regular Programs - Instruction	12,091,798	210,959	12,302,757	12,073,845	228,912
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	413,965	101,545	515,510	515,051	459
Other Salaries for Instruction	123,819	20,000	143,819	131,406	12,413
General Supplies	16,431		16,431	5,629	10,802
Total Learning and/or Language Disabilities	554,215	121,545	675,760	652,086	23,674
Behavioral Disabilities:					
Salaries of Teachers	203,103		203,103	193,580	9,523
Other Salaries for Instruction	95,806	10,000	105,806	86,333	19,473
General Supplies	669	6	675	671	4
Total Behavioral Disabilities	299,578	10,006	309,584	280,584	29,000
Resource Room/Resource Center:					
Salaries of Teachers	3,208,487	(6,670)	3,201,817	3,136,972	64,845
Other Salaries for Instruction	584,993	60,000	644,993	576,032	68,961
General Supplies	6,736		6,736	6,112	624
Total Resource Room/Resource Center	3,800,216	53,330	3,853,546	3,719,116	134,430

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Preschool Handicapped - Part-time:					
Salaries of Teachers	\$ 328,153	\$ (42,095)	\$ 286,058	\$ 274,029	\$ 12,029
Other Salaries for Instruction	18,481	16,490	34,971	27,304	7,667
General Supplies	3,972		3,972	2,418	1,554
Total Preschool Handicapped - Part-time	350,606	(25,605)	325,001	303,751	21,250
Total Special Education Instruction	5,004,615	159,276	5,163,891	4,955,537	208,354
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	864,309	15,985	880,294	873,325	6,969
General Supplies	2,382		2,382	1,996	386
Total Basic Skills/Remedial - Instruction	866,691	15,985	882,676	875,321	7,355
Bilingual Education - Instruction:					
Salaries of Teachers	239,935	3,050	242,985	242,985	
General Supplies	745	25	770	450	320
Total Bilingual Education - Instruction	240,680	3,075	243,755	243,435	320
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	122,769	(25,000)	97,769	46,934	50,835
Purchased Services	3,500		3,500	749	2,751
Supplies and Materials	4,310		4,310	1,662	2,648
Total School-Sponsored Cocurricular Activities - Instruction	130,579	(25,000)	105,579	49,345	56,234

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 43,936		\$ 43,936	\$ 3,067	\$ 40,869
Other Purchased Services	11,375		11,375		11,375
Supplies and Materials	4,331		4,331	1,419	2,912
Total School-Sponsored Cocurricular Athletics - Instruction	59,642		59,642	4,486	55,156
Total Instruction	18,394,005	\$ 364,295	18,758,300	18,201,969	556,331
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	387,837		387,837	355,142	32,695
Tuition to Private Schools for the Handicapped - Within State	302,438	(78,802)	223,636	150,882	72,754
Total Undistributed Expenditures - Instruction	690,275	(78,802)	611,473	506,024	105,449
Attendance & Social Work Services:					
Salaries	4,776		4,776	4,776	
Total Attendance & Social Work Services	4,776		4,776	4,776	
Health Services:					
Salaries	552,389	525	552,914	530,729	22,185
Purchased Professional and Technical Services	8,000		8,000	6,277	1,723
Other Purchased Services	1,000		1,000	490	510
Supplies and Materials	19,473	35,000	54,473	42,559	11,914
Total Health Services	580,862	35,525	616,387	580,055	36,332

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	\$ 758,643	\$ 3,753	\$ 762,396	\$ 738,654	\$ 23,742
Purchased Professional - Educational Services	756,681		756,681	629,858	126,823
Supplies and Materials	2,523		2,523	1,799	724
Total Speech, OT, PT and Related Services	1,517,847	3,753	1,521,600	1,370,311	151,289
Other Support Services - Students - Extraordinary Services:					
Salaries	478,767	(109,182)	369,585	281,680	87,905
Purchased Professional - Educational Services	379,494		379,494	325,062	54,432
Supplies and Materials	126	2,500	2,626	2,578	48
Total Other Support Services - Students - Extraordinary Services	858,387	(106,682)	751,705	609,320	142,385
Guidance:					
Salaries of Other Professional Staff	451,085		451,085	438,939	12,146
Salaries of Secretarial and Clerical Assistants	192,162	833	192,995	192,474	521
Supplies and Materials	6,044		6,044	1,649	4,395
Total Guidance	649,291	833	650,124	633,062	17,062
Child Study Team:					
Salaries of Other Professional Staff	1,164,855	11,016	1,175,871	1,135,586	40,285
Salaries of Secretarial and Clerical Assistants	96,908		96,908	91,795	5,113
Other Purchased Professional and Technical Services	24,000	(2,260)	21,740	18,103	3,637
Miscellaneous Purchased Services	5,908	2,260	8,168	7,426	742
Supplies and Materials	11,473	2,415	13,888	13,419	469
Total Child Study Team	1,303,144	13,431	1,316,575	1,266,329	50,246

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 296,890	\$ (28,122)	\$ 268,768	\$ 268,758	\$ 10
Salaries of Other Professional Staff	8,280	19,688	27,968	27,968	
Salaries of Secretarial and Clerical Assistants	59,301		59,301	55,594	3,707
Total Improvement of Instructional Services	<u>364,471</u>	<u>(8,434)</u>	<u>356,037</u>	<u>352,320</u>	<u>3,717</u>
Educational Media Services/School Library:					
Salaries	355,033	25,412	380,445	376,567	3,878
Other Purchased Services	23,069	(435)	22,634	22,633	1
Supplies and Materials	32,401		32,401	20,226	12,175
Total Educational Media Services/School Library	<u>410,503</u>	<u>24,977</u>	<u>435,480</u>	<u>419,426</u>	<u>16,054</u>
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	49,272	(38,845)	10,427	4,084	6,343
Other Purchased Services	112,972	(98,058)	14,914	7,446	7,468
Total Instructional Staff Training Services	<u>162,244</u>	<u>(136,903)</u>	<u>25,341</u>	<u>11,530</u>	<u>13,811</u>
Support Services - General Administration:					
Salaries	341,840	24,413	366,253	366,226	27
Legal Services	40,000	14,530	54,530	54,527	3
Audit Fees	46,400	(900)	45,500	45,500	
Other Purchased Professional Services	12,600	(10,055)	2,545	2,545	
Communications/Telephone	51,120		51,120	50,395	725
Other Purchased Services	104,955	(4,530)	100,425	99,882	543
General Supplies	5,726		5,726	4,804	922
BOE Meeting Supplies	800		800	208	592
Miscellaneous Expenditures	9,420		9,420	7,884	1,536
Board of Education Membership Dues and Fees	20,000	(719)	19,281	19,280	1
Total Support Services - General Administration	<u>632,861</u>	<u>22,739</u>	<u>655,600</u>	<u>651,251</u>	<u>4,349</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 809,471	\$ 2,970	\$ 812,441	\$ 812,440	\$ 1
Salaries of Secretarial and Clerical Assistants	402,462	(27,500)	374,962	374,378	584
Other Purchased Services	6,550		6,550	2,353	4,197
Supplies and Materials	3,403		3,403	2,939	464
Other Objects	9,778		9,778	9,350	428
Total Support Services - School Administration	1,231,664	(24,530)	1,207,134	1,201,460	5,674
Central Services:					
Salaries	490,553	(15,500)	475,053	474,992	61
Other Purchased Professional Services	52,444	(11,281)	41,163	35,682	5,481
Supplies and Materials	6,164	81	6,245	5,850	395
Miscellaneous Expenses	2,461		2,461	1,762	699
Total Central Services	551,622	(26,700)	524,922	518,286	6,636
Administrative Information Technology:					
Other Purchased Professional Services	500		500	238	262
Supplies and Materials	6,000	(3,280)	2,720	2,512	208
Total Administrative Information Technology	6,500	(3,280)	3,220	2,750	470
Required Maintenance of School Facilities:					
Salaries	126,054		126,054	124,081	1,973
Cleaning, Repair and Maintenance Services	232,169	314,090	546,259	371,029	175,230
General Supplies	126,069	(29,101)	96,968	84,555	12,413
Total Required Maintenance of School Facilities	484,292	284,989	769,281	579,665	189,616

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 1,599,627	\$ (50,000)	\$ 1,549,627	\$ 1,544,985	\$ 4,642
Purchased Professional and Technical Services	17,672		17,672	15,771	1,901
Cleaning, Repairs, and Maintenance Services	242,955	(3,423)	239,532	237,618	1,914
Other Purchased Services	270,882	(18,790)	252,092	252,085	7
Insurance	121,444	17,461	138,905	138,905	
General Supplies	148,000	190,455	338,455	330,280	8,175
Energy - Natural Gas	183,750	60,000	243,750	238,772	4,978
Energy - Electricity	342,200	(24,200)	318,000	299,890	18,110
Energy - Oil	6,300	(1,500)	4,800	3,800	1,000
Total Custodial Services	<u>2,932,830</u>	<u>170,003</u>	<u>3,102,833</u>	<u>3,062,106</u>	<u>40,727</u>
Security					
Salaries	34,171	(31,347)	2,824		2,824
Purchased Professional and Technical Services	205,656	(35,000)	170,656	170,656	
General Supplies	15,000		15,000	5,309	9,691
Total Security	<u>254,827</u>	<u>(66,347)</u>	<u>188,480</u>	<u>175,965</u>	<u>12,515</u>
Student Transportation Services:					
Contracted Services:					
Between Home and School - Joint Agreements	3,223,000		3,223,000	3,223,000	
Regular Education Students CTSA's and ESCs		2,963	2,963	2,514	449
Special Education Students CTSA's and ESCs	469,691	(100,500)	369,191	299,114	70,077
Between Home and School - Vendors		13,500	13,500	11,520	1,980
Aid in Lieu Payments - Nonpublic	54,000	(2,963)	51,037	35,905	15,132
Total Student Transportation Services	<u>3,746,691</u>	<u>(87,000)</u>	<u>3,659,691</u>	<u>3,572,053</u>	<u>87,638</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 598,560	\$ (67,245)	\$ 531,315	\$ 466,529	\$ 64,786
Other Retirement Contributions - PERS	491,313	7,245	498,558	498,558	
Other Retirement Contributions - Regular	49,053		49,053	45,307	3,746
Workmen's Compensation	210,544		210,544	205,258	5,286
Health Benefits	6,735,361		6,735,361	6,625,188	110,173
Tuition Reimbursements	133,200		133,200	94,923	38,277
Other Employee Benefits	50,000	63,934	113,934	113,921	13
Unused Sick Payment to Terminated/Retired Staff	50,000	(50,000)			
Total Unallocated Benefits	8,318,031	(46,066)	8,271,965	8,049,684	222,281
On-Behalf Contributions:					
TPAF Pension Contributions (Non-Budgeted)				5,065,094	(5,065,094)
TPAF Non-Contributory Insurance (Non-Budgeted)				96,370	(96,370)
TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,617,522	(1,617,522)
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,401	(2,401)
TPAF Social Security (Reimbursed - Non-Budgeted)				1,354,126	(1,354,126)
Total On-Behalf Contributions				8,135,513	(8,135,513)
Total Personal Services - Employee Benefits	8,318,031	(46,066)	8,271,965	16,185,197	(7,913,232)
Total Undistributed Expenses	24,701,118	(28,494)	24,672,624	31,701,886	(7,029,262)
TOTAL CURRENT EXPENSE	43,095,123	335,801	43,430,924	49,903,855	(6,472,931)
CAPITAL OUTLAY					
Undistributed Equipment:					
Non-Instructional:					
Administrative Information Technology		35,085	35,085	35,084	1
Other Support Serv- Students		4,490	4,490	4,490	
Custodial Services	40,000	187,790	227,790	123,101	104,689
Total Equipment	40,000	227,365	267,365	162,675	104,690

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
CAPITAL OUTLAY (CONTD)					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 20,000	\$ (10,505)	\$ 9,495	\$ 5,820	\$ 3,675
Other Objects - Debt Service Assessment on SDA Funding	41,548		41,548	41,548	
Total Facilities Acquisition and Construction Services	<u>61,548</u>	<u>(10,505)</u>	<u>51,043</u>	<u>47,368</u>	<u>3,675</u>
TOTAL CAPITAL OUTLAY	101,548	216,860	318,408	210,043	108,365
Transfer To Charter School	46,847	30,871	77,718	77,718	
TOTAL EXPENDITURES	<u>43,243,518</u>	<u>583,532</u>	<u>43,827,050</u>	<u>50,191,616</u>	<u>(6,364,566)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,072,036)</u>	<u>(583,532)</u>	<u>(1,655,568)</u>	<u>1,074,017</u>	<u>2,729,585</u>
Fund Balance, July 1 (Restated)	7,296,729		7,296,729	7,296,729	
Fund Balance, June 30	<u>\$ 6,224,693</u>	<u>\$ (583,532)</u>	<u>\$ 5,641,161</u>	<u>\$ 8,370,746</u>	<u>\$ 2,729,585</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 3,399,269	
Emergency Reserve				200,000	
Unemployment Compensation				701,073	
Assigned:					
For Subsequent Year's Expenditures				1,282,488	
Year-End Encumbrances				293,976	
Unassigned				<u>2,493,940</u>	
				<u>8,370,746</u>	
Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				<u>(607,277)</u>	
Fund Balance per Governmental Funds GAAP				<u>\$ 7,763,469</u>	

WASHINGTON TOWNSHIP SCHOOL DISTRICT
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
REVENUES:					
Federal Sources	\$ 752,792	\$ 40,832	\$ 793,624	\$ 793,624	
Local Sources		73,631	73,631	63,233	\$ (10,398)
Total Revenues	752,792	114,463	867,255	856,857	(10,398)
EXPENDITURES:					
Instruction					
Salaries	23,321		23,321	23,321	
Other Purchased Services	507,511		507,511	507,511	
General Supplies	157,056	40,350	197,406	197,406	
Total Instruction	687,888	40,350	728,238	728,238	
Support Services					
Personal Service - Employee Benefits	1,784		1,784	1,784	
Purchased Professional/Technical Services	24,397	28,476	52,873	42,475	10,398
Purchased Property Services	30,146		30,146	30,146	
Supplies and Materials	8,577	22,754	31,331	31,331	
Student Activities			30,896	30,896	
Total Support Services	64,904	51,230	147,030	136,632	10,398
Total Expenditures	\$ 752,792	\$ 91,580	\$ 875,268	\$ 864,870	\$ 10,398

WASHINGTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule Differences - Budget to GAAP:	\$ 51,265,633	\$ 856,857
Grant Accounting Budgetary Basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP basis does not.		(46,554)
State Aid Payments Recognized for GAAP Statement, not Recognized for Budgetary Purposes	708,095	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(607,277)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 51,366,451	\$ 810,303
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 50,191,616	\$ 864,870
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		(46,554)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 50,191,616	\$ 818,316

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year.

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Elementary and Secondary Education Act Title III	IDEA, PART B Preschool	Basic	Coronavirus Aid, Relief, and Economic Security Act	Digital Divide	Coronavirus Relief Fund	Elementary & Secondary School Emergency Relief Fund	Local Grants	Student Activity	Totals
REVENUE:										
Federal Sources	\$ 18,675	\$ 10,711	\$ 519,038	\$ 54,024	\$ 30,000	\$ 58,558	\$ 76,700	\$ 40,350	\$ 22,883	\$ 793,624
Local Sources										63,233
Total Revenue	18,675	10,711	519,038	54,024	30,000	58,558	76,700	40,350	22,883	856,857
EXPENDITURES:										
Instruction:										
Salaries		23,321	507,511							23,321
Other Purchased Services		10,661	3,000	54,024	30,000	58,558		40,350		507,511
General Supplies										197,406
Total Instruction		10,661	510,511	54,024	30,000	58,558		40,350		728,238
Support Services:										
Employee Benefits		1,784								1,784
Purchased Professional/Technical Services	18,675						23,800			42,475
Purchased Property Services							30,146			30,146
Supplies and Materials		50	8,527				22,754			31,331
Student Activities									30,896	30,896
Total Support Services	18,675	50	8,527				76,700		30,896	136,632
Total Expenditures	\$ 18,675	\$ 10,711	\$ 519,038	\$ 54,024	\$ 30,000	\$ 58,558	\$ 76,700	\$ 40,350	\$ 30,896	\$ 864,870

CAPITAL PROJECTS FUND

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Expenditures:	
Purchased Professional and Technical Services	\$ 23,600
Construction Services	<u>2,161,431</u>
Total Expenditures	<u>2,185,031</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	(2,185,031)
Fund Balance/(Deficit) - Beginning of Year	<u>(352,408)</u>
Fund Balance/(Deficit) - End of Year	<u>\$ (2,537,439)</u>
Recapitulation:	
Unassigned/(Deficit)	<u>\$ (2,537,439)</u>
Fund Balance/(Deficit) GAAP Basis	<u>\$ (2,537,439)</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS

PARTIAL ROOF REPLACEMENTS AT LONG VALLEY MIDDLE SCHOOL AND OLD FARMERS ROAD

SCHOOLS AND ELECTRICAL/HVAC UPGRADES TO OLD FARMERS ROAD SCHOOL

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Bonds Proceeds				\$ 4,174,248
Total Revenue and Other Financing Sources				4,174,248
Expenditures:				
Purchased Professional and Technical Services	\$ 149,428	\$ 23,600	\$ 173,028	353,805
Construction Services	202,980	2,161,431	2,364,411	3,449,184
Miscellaneous Costs				371,259
Total Expenditures and Other Financing Uses	352,408	2,185,031	2,537,439	4,174,248
Excess/(Deficit) of Revenue and Other Financing Financing Sources Over/(Under) Expenditures	<u>\$ (352,408)</u>	<u>\$ (2,185,031)</u>	<u>\$ (2,537,439)</u>	<u>\$ -0-</u>
Additional Project Information:				
Bonds Authorized Date		1/28/2021		
Bonds Authorized		\$ 4,174,248		
Bonds Issued		-0-		
Original Authorized Cost		4,174,248		
Percentage Completion		60.79%		
Original Target Completion Date		8/26/2021		

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Issued	Balance June 30, 2021
			Date	Amount			
Referendum Project	7/21/2020	\$4,174,000	7/21/2021	\$4,174,000	0.748%	\$4,174,000	\$ 4,174,000
						<u>\$4,174,000</u>	<u>\$ 4,174,000</u>

PROPRIETARY FUNDS

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS:

Current Assets:

Accounts Receivable:

State	\$ 3,713
Federal	44,616
Inventories	<u>16,297</u>

Total Current Assets	<u>64,626</u>
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Non-Current Assets:

Capital Assets	370,897
Less: Accumulated Depreciation	<u>(356,329)</u>

Total Non-Current Assets	<u>14,568</u>
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Total Assets	<u>79,194</u>
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LIABILITIES:

Current Liabilities:

Interfund Payable	172,131
Unearned Revenue	<u>42,353</u>

Total Current Liabilities	<u>214,484</u>
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NET POSITION:

Investment in Capital Assets	14,568
Unrestricted/(Deficit)	<u>(149,858)</u>
Total Net Position/(Deficit)	<u>\$ (135,290)</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 17,036
Total Operating Revenue	<u>17,036</u>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	138,012
Salaries, Benefits & Payroll Taxes	179,554
Professional and Technical Services	86,940
Repairs and Supplies	43,158
Depreciation Expense	10,497
Total Operating Expenses	<u>458,161</u>
Operating Loss	<u>(441,125)</u>
Non-Operating Revenue:	
State Sources	
State School Lunch Program	107
COVID-19 - Seamless Summer Option	15,804
Federal Sources	
National School Lunch Program	6,995
COVID-19 - Seamless Summer Option	355,226
Food Distribution Program	32,011
Total Non-Operating Revenue	<u>410,143</u>
Change in Net Position	(30,982)
Net Position/(Deficit) - Beginning of Year	<u>(104,308)</u>
Net Position/(Deficit) - End of Year	<u>\$ (135,290)</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 92,553
Payments to Food Service Vendor	(409,289)
Payments to Suppliers	<u>(15,781)</u>
Net Cash (Used for) Operating Activities	<u>(332,517)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal and State Sources	<u>332,517</u>
Net Cash Provided by Noncapital Financing Activities	<u>332,517</u>
Net Increase in Cash and Cash Equivalents	-0-
Cash and Cash Equivalents, July 1	<u>-0-</u>
Cash and Cash Equivalents, June 30	<u><u>\$ -0-</u></u>
Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (441,125)
Adjustment to Reconcile Operating Loss to Net Cash (Used for) Operating Activities:	
Federal Food Distribution Program	32,011
Depreciation	10,497
Changes in Assets and Liabilities:	
Decrease in Inventory	4,875
Increase in Interfund Payable	70,668
(Decrease) in Accounts Payable	(9,417)
(Decrease) in Unearned Revenue	<u>(26)</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (332,517)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Fund received USDA donated commodities valued at \$32,250 and used commodities valued at \$32,011 during the fiscal year.

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

	<u>Transportation</u>
<u>ASSETS:</u>	
Current Assets:	
Accounts Receivable:	
Intergovernmental - Other	\$ 28,621
Total Current Assets	28,621
Non-Current Assets:	
Capital Assets	5,721,094
Less: Accumulated Depreciation	(3,610,539)
Total Non-Current Assets	2,110,555
Total Assets	2,139,176
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	22,108
Interfund Payable	171,385
Total Current Liabilities	193,493
Long-Term Liabilities:	
Capital Leases Payable:	
Due Within One Year	417,857
Due Beyond One Year	251,550
Total Long-Term Liabilities	669,407
Total Liabilities	862,900
<u>NET POSITION:</u>	
Net Investment in Capital Assets	1,441,148
Unrestricted/(Deficit)	(164,872)
Total Net Position	\$ 1,276,276

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Transportation</u>
Operating Revenue:	
Local Sources:	
Charges and Fees	\$ 4,327,441
Total Operating Revenue	4,327,441
Operating Expenses:	
Salaries, Benefits and Payroll Taxes	3,146,406
Professional and Technical Services	125,004
Maintenance	500,549
Supplies and Materials	2,891
Depreciation	476,558
Total Operating Expenses	4,251,408
Operating Income	76,033
Non-Operating Expense:	
Interest Expense on Capital Leases	(21,452)
Total Non-Operating Expense	(21,452)
Change in Net Position Before Extraordinary Item	54,581
Extraordinary Item:	
Capital Asset Donation	14,200
Total Extraordinary Items	14,200
Change in Net Position	68,781
Net Position - Beginning of Year	1,207,495
Net Position - End of Year	\$ 1,276,276

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Transportation</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 4,535,029
Payments to Suppliers	(4,000,314)
	534,715
Cash Flows from Capital and Related Financing Activities:	
Capital Asset Donation	14,200
Purchases of Capital Assets	(131,058)
Interest Expense on Capital Leases	(21,452)
Capital Lease Principal Payments	(396,405)
	(534,715)
Net Cash (Used for) Capital and Related Financing Activities	
Net Increase/(Decrease) in Cash and Cash Equivalents	-0-
Cash and Cash Equivalents, July 1	-0-
Cash and Cash Equivalents, June 30	\$ -0-
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Operating Income/(Loss)	\$ 76,033
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Depreciation	476,558
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	207,588
Increase/(Decrease) in Accounts Payable	(7,776)
Increase/(Decrease) in Interfunds Payable	(217,688)
	534,715
Net Cash Provided by/(Used for) Operating Activities	\$ 534,715

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM DEBT

WASHINGTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance June 30, 2020	Matured	Balance June 30, 2021
			Date	Amount	Outstanding June 30, 2021				
Refunding of 2003 Bonds	8/15/2010	\$12,260,000	7/15/2021	\$ 1,320,000	3.000%	\$ 5,135,000	\$ 1,250,000	\$ 3,885,000	
			7/15/2022	1,350,000	3.000%				
			7/15/2023	1,215,000	3.000%				
						<u>\$ 5,135,000</u>	<u>\$ 1,250,000</u>	<u>\$ 3,885,000</u>	

WASHINGTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Item	Interest Rate	Original Issue	Balance June 30, 2020	Matured	Balance June 30, 2021
<u>General Fund:</u>					
Phone System	1.830%	\$ 246,900	\$ 50,582	\$ 50,582	
Total General Fund			<u>50,582</u>	<u>50,582</u>	
<u>Internal Service Fund:</u>					
Buses	1.66%	537,000	110,959	110,959	
Buses	1.75%	468,839	145,174	96,360	\$ 48,814
Buses	3.28%	436,788	245,779	79,297	166,482
Buses	2.04%	563,900	563,900	109,789	454,111
Total Internal Service Fund			<u>1,065,812</u>	<u>396,405</u>	<u>669,407</u>
Total Capital Leases			<u>\$ 1,116,394</u>	<u>\$ 446,987</u>	<u>\$ 669,407</u>

WASHINGTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Final to Actual</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Final to Actual</u>
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 1,391,550		\$ 1,391,550	\$ 1,391,550
Total Revenue	1,391,550		1,391,550	1,391,550
EXPENDITURES:				
Regular Debt Service:				
Interest	141,550		141,550	141,550
Redemption of Principal	1,250,000		1,250,000	1,250,000
Total Regular Debt Service	1,391,550		1,391,550	1,391,550
Total Expenditures	1,391,550		1,391,550	1,391,550
Excess of Revenues Over Expenditures				
Fund Balance, July 1	8,011		8,011	8,011
Fund Balance, June 30	\$ 8,011	\$ -0-	\$ 8,011	\$ -0-
<u>Recapitulation of Fund Balance</u>				
Restricted			\$ 8,011	\$ 8,011

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CHANGE IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities										
Instruction:										
Regular	\$16,665,731	\$16,799,927	\$17,115,111	\$19,089,714	\$19,823,737	\$21,550,075	\$22,927,663	\$23,249,255	\$22,612,668	\$23,543,832
Special Education	5,875,949	6,165,305	6,615,956	7,893,868	8,659,630	10,093,387	9,903,395	9,760,735	9,928,216	10,077,903
Other Special Education	961,972	1,076,548	1,120,353	1,653,039	1,704,964	2,391,859	2,129,137	1,413,149	1,485,311	1,619,925
School Sponsored/Other Instruction	179,632	213,603	249,056	334,792	352,981	177,474	378,443	384,797	326,981	105,395
Support Services:										
Tuition	1,455,464	1,478,347	1,283,355	1,338,469	1,089,551	1,450,741	1,581,745	1,524,562	1,276,869	1,013,535
Student & Instruction Related Services	6,785,354	6,852,635	7,232,507	8,021,352	8,678,706	9,544,258	10,008,483	10,756,611	10,818,860	10,477,895
General Administrative Services	859,754	854,868	790,069	861,609	899,002	877,703	932,218	981,500	988,038	1,065,670
School Administrative Services	1,598,289	1,950,083	1,680,145	2,084,284	1,814,291	1,965,221	2,101,492	2,253,681	2,295,832	2,374,815
Central Services	683,140	694,031	720,253	729,583	781,993	900,989	938,605	965,398	986,365	1,008,133
Technology Services	12,653	8,071	11,731	6,057	45,747	1,425	1,294	4,542	7,076	2,750
Plant Operations and Maintenance	3,706,303	3,727,211	3,993,337	4,265,266	4,419,113	4,826,969	4,801,893	5,396,298	5,093,739	5,667,590
Pupil Transportation	4,695,551	5,307,703	4,898,277	4,958,457	4,683,483	5,186,198	5,176,744	5,590,077	5,064,649	4,802,868
Interest on Long-term Debt	562,715	529,215	476,752	440,843	402,967	358,366	312,266	306,314	249,403	207,614
Transfer to Charter School	153,235	116,080	93,182	79,771	70,887	47,088	81,809	49,048	78,664	77,718
Capital Outlay	148,931	141,310	1,594,755	41,548	258,683	41,549	41,549			
Total Governmental Activities Expenses	44,344,673	45,914,937	47,874,839	51,798,652	53,427,052	59,630,436	61,316,736	62,635,967	61,212,671	62,045,643
Business-type Activities:										
Food Service	749,944	670,954	646,701	590,276	578,631	550,979	514,122	507,449	417,582	458,161
Total Business-type Activities Expenses	749,944	670,954	646,701	590,276	578,631	550,979	514,122	507,449	417,582	458,161
Total District Expenses	45,094,617	46,585,891	48,521,540	52,388,928	54,005,683	60,181,415	61,830,858	63,143,416	61,630,253	62,503,804
Program Revenues										
Governmental Activities:										
Charges for Services:										
Regular Instruction							12,888	26,238	46,690	
Pupil Transportation	1,062,050	989,994	1,052,689	1,101,469	1,303,236	1,420,193	1,502,366	1,638,633	1,335,191	1,104,441
Operating Grants and Contributions	12,166,067	13,166,080	12,465,798	17,282,809	19,075,209	23,188,978	24,574,950	24,839,254	24,420,173	25,894,743
Total Governmental Activities	13,228,117	14,156,074	13,518,487	18,384,278	20,378,445	24,609,171	26,090,204	26,504,125	25,802,054	26,999,184

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CHANGE IN NET POSITION, LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type Activities:										
Charges for Services										
Food Service	\$ 606,591	\$ 505,557	\$ 514,929	\$ 483,787	\$ 453,066	\$ 443,317	\$ 421,502	\$ 421,623	\$ 421,623	\$ 17,036
Operating Grants and Contributions	102,132	106,059	111,358	103,599	104,924	95,050	90,019	85,853	85,853	410,143
Total Business-type Activities	708,723	611,616	626,287	587,386	557,990	538,367	511,521	507,476	507,476	427,179
Program Revenues	13,936,840	14,767,690	14,144,774	18,971,664	20,936,435	25,147,538	26,601,725	27,011,601	26,309,530	27,426,363
Total District Program Revenues										
Net (Expense)/Revenue:										
Governmental Activities	(31,116,556)	(31,758,863)	(34,356,352)	(33,414,374)	(33,048,607)	(35,021,265)	(35,226,532)	(36,131,842)	(35,410,617)	(35,046,459)
Business-type Activities	(41,221)	(59,338)	(20,414)	(2,890)	(20,641)	(12,612)	(2,601)	27	(28,120)	(30,982)
Total District-wide Net Expense	(31,157,777)	(31,818,201)	(34,376,766)	(33,417,264)	(33,069,248)	(35,033,877)	(35,229,133)	(36,131,815)	(35,438,737)	(35,077,441)
General Revenues and Other										
Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	30,705,982	30,409,527	30,565,878	31,128,290	31,549,550	32,451,543	33,500,730	34,582,119	35,273,761	35,626,700
Taxes Levied for Debt Service	1,424,176	1,474,574	1,477,238	1,481,324	1,473,449	1,468,850	1,457,750	1,445,250	1,431,350	1,391,550
Unrestricted Grants and Contributions			453,893	1,077,663	112,689	92,876		507,398	1,584	109,681
Miscellaneous Income	257,218	100,702	235,325	197,541	222,048	181,885	234,027	521,701	262,306	250,118
Other Items				(75,000)				(199,628)	103,497	
Total Governmental Activities	32,387,376	31,984,803	32,732,334	33,809,818	33,357,736	34,195,154	35,192,507	36,856,840	37,072,498	37,378,049
Business-type Activities:										
Transfers				75,000						
Total Business-type Activities				75,000						
Total District-wide	32,387,376	31,984,803	32,732,334	33,884,818	33,357,736	34,195,154	35,192,507	36,856,840	37,072,498	37,378,049
Change in Net Position:										
Governmental Activities	1,270,820	225,940	(1,624,018)	395,444	309,129	(826,111)	(34,025)	724,998	1,661,881	2,331,590
Business-type Activities	(41,221)	(59,338)	(20,414)	72,110	(20,641)	(12,612)	(2,601)	27	(28,120)	(30,982)
Total District	\$ 1,229,599	\$ 166,602	\$ (1,644,432)	\$ 467,554	\$ 288,488	\$ (838,723)	\$ (36,626)	\$ 725,025	\$ 1,633,761	\$ 2,300,608

Source: School District Financial Reports

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	June 30,										
	2013	2014	2015	2016	2017	2018	2018	2018	2019	2020*	2021
General Fund											
Restricted	\$ 1,422,354	\$ 429,776	\$ 640,211	\$ 1,140,311	\$ 1,340,311	\$ 1,674,014	\$ 1,674,014	\$ 1,674,014	\$ 2,761,872	\$ 4,272,928	\$ 4,300,342
Assigned	617,523	997,652	1,136,067	1,085,312	1,219,550	1,009,470	1,009,470	1,009,470	825,382	1,656,068	1,576,464
Unassigned	610,445	474,683	306,044	267,316	223,107	746,705	746,705	746,705	404,208	659,638	1,886,663
Total General Fund	\$ 2,650,322	\$ 1,902,111	\$ 2,082,322	\$ 2,492,939	\$ 2,782,968	\$ 3,430,189	\$ 3,430,189	\$ 3,430,189	\$ 3,991,462	\$ 6,588,634	\$ 7,763,469
All Other Governmental Funds:											
Restricted	1155567	\$ 1,494,744	\$ 512,886	\$ 99,913	\$ 99,913	\$ 99,913	\$ 99,913	\$ 99,913		\$ 35,901	\$ 27,888
Committed				\$ 185,217	278,093	278,093	278,093	278,093			
Unassigned/(Deficit)									\$ (103,760)	(456,167)	(2,537,439)
Total All Other Governmental Funds/(Deficit)	\$ 1,155,567	\$ 1,494,744	\$ 512,886	\$ 285,130	\$ 378,006	\$ 378,006	\$ 378,006	\$ 378,006	\$ (103,760)	\$ (420,266)	\$ (2,509,551)
Total All Funds	\$ 3,805,889	\$ 3,396,855	\$ 2,595,208	\$ 2,778,069	\$ 3,160,974	\$ 3,808,195	\$ 3,808,195	\$ 3,808,195	\$ 3,887,702	\$ 6,168,368	\$ 5,253,918

* - Restated

Source: School District Financial Reports

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax Levy	\$ 32,130,158	\$ 31,884,101	\$ 32,043,116	\$ 32,609,614	\$ 33,022,999	\$ 33,920,393	\$ 34,958,480	\$ 36,027,369	\$ 36,705,111	\$ 37,018,250
Miscellaneous	305,345	331,301	235,325	235,514	258,713	255,029	319,275	628,400	358,289	313,351
State Sources	11,094,759	12,429,866	12,295,444	13,432,097	13,080,202	13,607,303	14,560,511	15,620,748	14,558,172	15,587,470
Federal Sources	1,023,181	633,461	624,247	624,220	639,034	620,572	611,896	604,362	560,021	752,992
Total Revenue	44,553,443	45,278,729	45,198,132	46,901,445	47,000,948	48,403,297	50,450,162	52,880,879	52,181,593	53,672,063
Expenditures										
Instruction										
Regular Instruction	12,195,419	12,164,627	12,198,315	12,243,182	12,183,304	12,245,582	12,286,588	12,270,756	11,812,189	12,267,438
Special Education Instruction	4,257,146	4,431,552	4,620,921	4,883,954	5,165,139	5,317,895	5,069,499	4,934,553	5,025,387	4,982,671
Other Special Instruction	687,529	760,896	777,184	1,018,631	1,008,048	1,356,397	1,087,499	1,030,861	1,071,011	1,118,756
School Sponsored/Other Instruction	131,483	155,468	176,164	213,170	215,213		201,651	201,763	169,396	53,831
Support Services:										
Tuition	1,455,464	1,478,347	1,283,355	1,338,469	1,089,551	1,450,741	1,581,745	1,524,562	1,276,869	1,013,535
Student & Instruction Related Services	4,773,823	4,794,883	4,973,116	5,134,433	5,373,378	5,131,120	5,196,903	5,582,307	5,577,724	5,337,207
General Administrative Services	692,228	678,725	621,384	629,117	653,781	553,740	583,189	615,164	626,849	651,251
School Administrative Services	1,280,456	1,353,596	1,275,265	1,342,378	1,328,797	1,242,488	1,212,677	1,191,732	1,189,948	1,201,460
Central Services	503,913	500,890	513,563	462,632	477,691	495,118	499,579	508,331	519,774	518,286
Administrative Information Technology	12,653	8,071	11,731	6,057	1,845	1,425	1,294	4,542	7,076	2,750
Plant Operations and Maintenance	3,035,423	3,021,373	3,221,414	3,195,769	3,180,603	3,235,608	3,178,635	3,688,161	3,370,833	3,817,736
Pupil Transportation	3,251,261	3,245,398	3,000,524	2,854,026	2,823,051	3,017,810	3,367,344	3,702,853	3,563,124	3,572,053
Unallocated Benefits	9,655,415	10,059,386	9,430,757	9,867,408	11,301,551	12,414,982	13,939,157	14,974,191	14,450,318	16,185,197
Transfer to Charter Schools	153,235	116,080	93,182	79,771	70,887	47,088	81,809	49,048	78,664	77,718
Capital Outlay	534,603	1,414,766	1,633,739	2,877,770	957,989	434,043	57,622	50,410	440,476	2,395,074
Debt Service:										
Principal	950,000	985,000	1,025,000	1,065,000	1,095,000	1,135,000	1,170,000	1,205,000	1,240,000	1,250,000
Interest and Other Charges	523,073	489,573	452,237	416,325	378,450	333,850	287,750	240,250	183,339	141,550
Total Expenditures	44,093,124	45,658,631	45,307,851	47,628,092	47,304,278	48,412,887	49,802,941	51,774,484	50,602,977	54,586,513
Excess (Deficiency) of Revenues Over (Under) Expenditures	460,319	(379,902)	(109,719)	(726,647)	(303,330)	(9,590)	647,221	1,106,395	1,578,616	(914,450)

WASHINGTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources (Uses)										
Bond Proceeds										
Transfers In	\$ 1,148,409	\$ 1,198,000	\$ 1,702,905	\$ 709,337				\$ 37,724		
Transfers Out	(1,148,409)	(1,198,000)	(1,702,905)	(784,337)				(37,724)		
Cancellation of SDA Grant Receivable		599,081			\$ 486,191	\$ 392,495		(199,628)		
Capital Leases (Non-budgeted)		599,081		(75,000)	486,191	392,495		(199,628)		
Total Other Financing Sources (Uses)	\$ 460,319	\$ 219,179	\$ (109,719)	\$ (801,647)	\$ 182,861	\$ 382,905	\$ 647,221	\$ 906,767	\$ 1,578,616	\$ (914,450)
Net Change in Fund Balances										
Debt Service as a Percentage of Noncapital Expenditures	3.5%	3.4%	3.5%	3.4%	3.3%	3.2%	3.0%	2.9%	2.9%	2.7%

Source: School District Financial Reports

WASHINGTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Rentals- Use of</u> <u>Facilities</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2012	\$ 6,222	\$ 21,035	\$ 116,402	\$ 113,559	\$ 257,218
2013	3,612	35,935	88,299	100,702	228,548
2014	3,017	21,035	116,402	39,453	179,907
2015	2,306	17,550	114,267	63,418	197,541
2016	9,955	19,561	84,099	104,347	217,962
2017	19,163	17,650	87,277	57,795	181,885
2018	75,467	17,426	92,412	48,722	234,027
2019	167,593	18,690	205,807	155,849	547,939
2020	102,391	12,592	117,096	76,917	308,996
2021	5,813	15,890	190,465	37,950	250,118

Source: Washington Township School District records

WASHINGTON TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST TEN YEARS
 UNAUDITED

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	School Tax Rate ^b	(County Equalized Value)
2011	\$ 36,687,200	\$ 2,467,409,800	\$ 115,743,900	\$ 4,396,700	\$ 125,513,400	\$ 34,966,600	\$ 35,481,100	\$ 2,820,198,700	\$ 244,640,300	\$ 4,384,292	\$ 2,824,582,992	1.14	\$ 3,152,132,846
2012	34,941,700	2,469,983,800	115,719,400	4,328,500	122,484,700	34,966,600	35,430,900	2,817,855,600	248,566,600	4,013,846	2,821,869,446	1.14	3,051,555,188
2013	31,560,000	2,478,920,800	115,230,000	4,334,500	119,232,700	34,966,600	35,358,200	2,819,602,800	252,694,900	1,383,066	2,820,985,866	1.13	2,896,200,018
2014	30,285,400	2,473,660,800	115,685,500	4,434,000	119,360,900	32,800,100	35,358,200	2,811,584,900	253,470,500	939,069	2,812,523,969	1.15	2,795,635,987
2015	29,795,600	2,472,018,300	114,769,000	4,412,000	115,548,400	32,800,100	35,358,200	2,804,701,600	254,218,200	935,217	2,805,636,817	1.69	2,843,585,328
2016	31,061,500	2,470,631,400	116,338,400	4,359,800	123,464,900	32,800,100	35,358,200	2,814,014,300	254,082,500	830,887	2,814,845,187	1.72	2,857,587,207
2017	29,395,800	2,478,120,100	116,160,600	4,353,600	122,738,600	32,238,700	35,054,600	2,818,062,000	254,082,300		2,818,062,000	1.78	2,896,024,012
2018	26,217,500	2,489,033,400	116,986,400	4,320,600	122,170,100	32,238,700	35,461,400	2,826,428,100	256,473,800		2,826,428,100	1.78	2,906,311,191
2019	25,652,900	2,485,591,200	117,377,100	4,350,900	118,219,200	30,938,700	35,461,400	2,817,591,400	259,513,500		2,817,591,400	1.88	2,890,035,246
2020	27,731,800	2,486,474,400	118,781,800	4,317,800	119,241,300	30,938,700	35,461,400	2,822,947,200	259,612,500		2,822,947,200	1.90	2,890,388,607

Source: Municipal Tax Assessor

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

Reassessment occurs when 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 TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Washington School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Direct Rate			Washington Township	Morris County	
	Basic Rate ^a	General Obligation Debt ^b	Total Direct			
2011	\$ 1.08	\$ 0.05	\$ 1.14	\$ 0.40	\$ 0.27	\$ 1.80
2012	1.08	0.05	1.14	0.41	0.27	1.81
2013	1.08	0.05	1.13	0.42	0.26	1.81
2014	1.08	0.05	1.15	0.43	0.26	1.84
2015	1.62	0.07	1.69	0.44	0.25	2.38
2016	1.64	0.08	1.72	0.45	0.26	2.42
2017	1.70	0.07	1.78	0.45	0.27	2.50
2018	1.71	0.07	1.78	0.46	0.27	2.51
2019	1.80	0.07	1.88	0.47	0.27	2.61
2020	1.83	0.07	1.90	0.47	0.27	2.64

Source: Municipal Tax Collector and School Business Administrator

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

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2021		2012	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value
Heath Village	\$ 21,864,400	0.76%	Heath Village	\$ 21,761,200
Target Corp	13,650,000	0.47%	Target Corp.	15,900,000
2085 Realty Partners	11,694,100	0.40%	2085 Realty Partners	12,225,800
Peachtree Village	10,250,000	0.35%	Peachtree Village	10,250,000
Bay Ridge Motor Sales	7,940,000	0.27%	Transistor Devices	7,605,500
GPT Hackettstown Owner LLC	6,841,200	0.24%	Kings Hwy Invest Co.	7,399,000
Amerace ESNA Corp	6,178,400	0.21%	Amerace ESNA Corp	6,178,400
Black Oak Golf Club	5,872,300	0.20%	Columbia Gas Transmission	5,872,300
Columbia Gas Trans.	5,036,500	0.17%	Regency at Long Valley	5,500,000
Long Valley Shopping Center	4,800,000	0.17%	Regency at Long Valley	5,049,400
Total	\$ 94,126,900	3.24%	Total	\$ 99,542,900
				3.53%

Source: Municipal Tax Assessor

WASHINGTON TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy ^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2012	\$ 32,130,158	\$ 32,130,158	100.00%	-0-
2013	31,884,101	31,884,101	100.00%	-0-
2014	32,043,116	32,043,116	100.00%	-0-
2015	32,609,614	32,609,614	100.00%	-0-
2016	33,022,999	33,022,999	100.00%	-0-
2017	33,920,393	33,920,393	100.00%	-0-
2018	36,039,869	36,039,869	100.00%	-0-
2019	36,027,369	36,027,369	100.00%	-0-
2020	36,705,111	36,705,111	100.00%	-0-
2021	37,018,250	37,018,250	100.00%	-0-

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

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Bond Anticipation Notes	Capital Leases			
2012	\$ 14,055,000		\$ 885,698	\$ 14,940,698	1.05%	\$ 800.81
2013	13,070,000		927,427	13,997,427	0.94%	749.53
2014	12,045,000		776,740	12,821,740	0.85%	686.57
2015	10,980,000		1,372,813	12,352,813	0.94%	793.12
2016	9,885,000		1,586,448	11,471,448	0.70%	618.04
2017	8,750,000		1,782,930	10,532,930	0.62%	568.67
2018	7,580,000		1,140,699	8,720,699	0.50%	471.11
2019	6,375,000		978,068	7,353,068	0.41%	400.62
2020	5,135,000	\$ 4,174,000 *	1,149,377	10,458,377	0.57%	576.54
2021	3,885,000	4,174,000	1,116,394	9,175,394	0.50%	508.64

Source: School District Financial Reports

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

* Bond anticipation notes were authorized as of June 30, 2020, but were not issued until July 21, 2020.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Bond Anticipation Notes			
2012	\$ 14,055,000			\$ 14,055,000	0.498%	\$ 753.34
2013	13,070,000			13,070,000	0.463%	699.87
2014	12,045,000			12,045,000	0.427%	646.40
2015	10,980,000			10,980,000	0.390%	704.98
2016	9,885,000			9,885,000	0.352%	532.57
2017	8,750,000			8,750,000	0.311%	472.41
2018	7,580,000			7,580,000	0.269%	409.49
2019	6,375,000			6,375,000	0.226%	347.34
2020	5,135,000		\$ 4,174,000 *	9,309,000	0.330%	513.18
2021	3,885,000		4,174,000	8,059,000	0.285%	446.75

Source: School District Financial Reports

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

* Bond anticipation notes were authorized as of June 30, 2020, but were not issued until July 21, 2020.

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

b Population data can be found in Exhibit J-14. This ratio is calculated using population and net valuation taxable for the prior calendar year.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Washington Township	\$ 10,513,000	100.00%	\$ 10,513,000
Morris County General Obligation Debt	250,902,245	2.98 %	7,478,278
West Morris Regional High School District	11,655,627	10.31%	<u>1,201,695</u>
Subtotal, overlapping debt			19,192,973
Washington Township School District Direct Debt			<u>8,059,000</u>
Total direct and overlapping debt			<u><u>\$ 27,251,973</u></u>

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

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 Washington Township. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2021

	<u>Equalized valuation basis</u>
2020	\$ 2,891,771,358
2019	2,880,678,254
2018	2,894,774,060
	<u>\$ 8,667,223,672</u>
	<u>\$ 2,889,074,557</u>

Average equalized valuation of taxable property

Debt limit (3% of average equalization value) Net bonded school debt*	\$ 86,672,237
Legal debt margin	<u>\$ 8,059,000</u>
	<u>\$ 78,613,237</u>

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 94,794,426	\$ 93,420,817	\$ 93,645,417	\$ 84,981,113	\$ 84,527,266	\$ 85,247,001	\$ 86,232,907	\$ 86,753,846	\$ 86,687,098	\$ 86,672,237
Total net debt applicable to limit	<u>14,055,000</u>	<u>13,070,000</u>	<u>12,045,000</u>	<u>10,980,000</u>	<u>9,885,000</u>	<u>8,750,000</u>	<u>7,580,000</u>	<u>6,375,000</u>	<u>9,309,000</u>	<u>8,059,000</u>
Legal debt margin	<u>\$ 80,739,426</u>	<u>\$ 80,350,817</u>	<u>\$ 81,600,417</u>	<u>\$ 74,001,113</u>	<u>\$ 74,642,266</u>	<u>\$ 76,497,001</u>	<u>\$ 78,652,907</u>	<u>\$ 80,378,846</u>	<u>\$ 77,378,098</u>	<u>\$ 78,613,237</u>

Total net debt applicable to the limit as a percentage of debt limit	14.83%	13.99%	12.86%	12.92%	11.69%	10.26%	8.79%	7.35%	10.74%	9.30%
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Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

* Includes bond anticipation notes which were authorized as of June 30, 2020, but were not issued until July 22, 2020. a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

WASHINGTON TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Township Population ^a	Morris County Per Capita Personal Income ^b	Township Personal Income (a*b)	Township Unemployment Rate ^c
2012	18,675	\$ 79,775	\$ 1,489,798,125	6.50%
2013	18,634	80,815	1,505,906,710	5.00%
2014	15,575	84,278	1,312,629,850	4.60%
2015	18,561	88,335	1,639,585,935	4.30%
2016	18,522	91,148	1,688,243,256	3.50%
2017	18,511	93,633	1,733,240,463	3.40%
2018	18,354	97,819	1,795,369,926	3.20%
2019	18,140	101,646	1,843,858,440	2.70%
2020	18,039	101,646 *	1,833,592,194	6.60%
2021	18,039 **	101,646 *	1,833,592,194 ***	N/A

* - Latest Morris County per capita personal income available (2019) was used for calculation purposes.

** - Latest population data available (2020) was used for calculation purposes.

*** - Latest personal income data available (2020) was used for calculation purposes.

N/A - Information Unavailable

Source:

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

^b Personal Income by county from the Bureau of Economic Analysis

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2021		2012	
	Employer	Employees	Employer	Employees
		Percentage Total		Percentage Total
Atlantic Health System		7,642	Novartis	6,200
US Army Armament Research and De		6,000	Picatinny Arsenal	5,274
Novartis		5,200	Atlantic Health System	5,013
Bayer		3,483	United Parcel Service	2,332
Barclays		2,560	County of Morris	1,928
Automatic Data Processing, Inc.		2,400	ADP	1,924
Accenture		1,826	Saint Claire's	1,841
Honeywell		1,704	AT&T	1,550
St. Clare's Health System		1,638	Chilton Memorial	1,440
County of Morris		1,469	BASF Corporation	1,400
Total		<u>33,922</u>		<u>28,902</u>
		<u>13.43%</u>		<u>10.69%</u>
Total County Labor Force		<u>252,588</u>	Total Employment *	<u>270,282</u>

* Employment data provided by NJ Dept of Labor and Workforce Development

Source: Morris County Treasurer's Office

WASHINGTON TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	153	151	146	146	144	142	141	137	133	132
Special education	123	122	115	126	127	128	125	117	120	119
Support Services:										
Student & instruction related services	54	55	56	56	56	57	56	56	52	51
School administrative services	20	20	19	19	19	19	18	18	17	17
General administrative services	7	7	6	5	5	5	5	5	5	4
Plant operations and maintenance	26	26	28	28	28	28	28	28	28	28
Pupil transportation	42	42	41	40	41	41	41	40	40	40
Business and other support services	7	7	6	6	6	6	5	5	5	5
Food Service	4	4	2	1						
Total	436	434	419	427	426	426	419	407	400	396

Source: District Personnel Records

WASHINGTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School					
2012	2,576	\$ 42,085,448	\$ 16,338	6.40%	219	1:13	1:12	2,549	2,440	-4.17%	95.72%	
2013	2,472	42,769,292	17,301	5.90%	219	1:13	1:12	2,463	2,348	-3.37%	95.33%	
2014	2,357	42,196,875	17,903	3.48%	217	1:13	1:12	2,344	2,236	-4.83%	95.39%	
2015	2,296	43,268,997	18,845	5.27%	216	1:13	1:12	2,280	2,180	-2.73%	95.61%	
2016	2,197	44,872,839	20,425	8.38%	240	1:13	1:12	2,204	2,108	-3.33%	95.64%	
2017	2,078	46,509,994	22,382	9.58%	239	1:13	1:12	2,086	1,998	-5.35%	95.78%	
2018	2,086	48,287,569	23,148	3.42%	236	1:13	1:12	2,067	1,973	-0.91%	95.45%	
2019	2,022	50,278,824	24,866	7.42%	225	1:13	1:12	2,010	1,917	-2.76%	95.37%	
2020	2,038	48,739,162	23,915	-3.82%	225	1:13	1:12	2,025	1,954	0.75%	96.49%	
2021	1,955	50,799,889	25,985	8.65%	223	1:13	1:12	1,926	1,881	-4.89%	97.66%	

Sources: Washington Township School District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- 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).
- d Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Flocktown-Kossmann School (1969-1979)	73,550	73,550	73,550	73,550	73,550	73,550	73,550	73,550	73,550	73,550
Square Feet	600	600	600	600	600	600	600	600	600	600
Capacity (students)	560	540	501	501	494	466	459	442	480	474
Enrollment	46,140	46,140	46,140	46,140	46,140	46,140	46,140	46,140	46,140	46,140
Old Farmers School (1969)	396	396	396	396	396	396	396	396	396	396
Square Feet	417	392	358	358	329	329	328	307	309	310
Capacity (students)	128,105	128,105	128,105	128,105	128,105	128,105	128,105	128,105	128,105	128,105
Enrollment	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190
Long Valley Middle School North and South (1949)	964	951	892	892	868	797	775	752	727	720
Square Feet	98,541	98,541	98,541	98,541	98,541	98,541	98,541	98,541	98,541	98,541
Capacity (students)	748	748	748	748	748	748	748	748	748	748
Enrollment	602	588	521	521	506	486	496	499	499	451
Administration Building (1954)	4,730	4,730	4,730	4,730	4,730	4,730	4,730	4,730	4,730	4,730
Square Feet										

Number of Schools at June 30, 2021
 Elementary = 3
 Middle School = 1
 High School = 0

Source: Washington Township School District Facilities Office

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

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

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

School Facilities	Fiscal Year Ended, June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Board of Education	\$ 2,398	\$ 2,787	\$ 2,087	\$ 2,209	\$ 2,480	\$ 2,441	\$ 2,632	\$ 5,050	\$ 2,475	\$ 1,810
Flocktown-Kossmann School	137,041	145,230	101,154	201,235	166,131	109,254	119,925	158,161	109,851	175,687
Old Farmers School	102,161	125,989	107,300	70,634	79,350	90,549	69,913	113,131	45,291	63,566
Long Valley Middle School	216,711	159,871	285,625	205,021	264,970	280,306	291,753	270,768	211,413	214,695
Cucinella School	184,312	123,742	88,830	99,014	103,443	128,005	127,412	199,806	151,318	123,907
Total	\$ 642,623	\$ 557,619	\$ 584,996	\$ 578,113	\$ 616,374	\$ 610,554	\$ 611,635	\$ 746,916	\$ 520,348	\$ 579,665

Source: Washington Township School District records

WASHINGTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED

School Package Policy -	Coverage	Deductible
American Alternative Insurance Corp.		
Property - Blanket Building and Contents	\$ 95,608,971	\$ 5,000
Commercial General Liability	1,000,000	
Comprehensive Automotive Liability	1,000,000	
Comprehensive Crime Coverage, Employee Dishonesty	500,000	5,000
Comprehensive Crime Coverage, Forgery or Alteration	250,000	5,000
Comprehensive Crime, Computer Fraud	250,000	5,000
Computer and Scheduled Equipment - American Alternative Insurance Corp		
EDP	Included in Blanket Limit	1,000
Blanket Tools & Equipment	250,000	500
Cameras, Musical Instruments	Included in Blanket Limit	500
Boiler and Machinery - American Alternative Insurance Corp.		
Property Damage	Included in Blanket Limit	5,000
Umbrella Liability		
Umbrella Policy - American Guarantee & Liability Insurance Company	10,000,000	
Excess Liability - Starstone/ Markel (NJUEP)	30,000,000	
School Board Legal Liability - American Alternative Insurance Corp.		
Educator's Legal Liability	1,000,000	5,000
Public Employees' Faithful Performance Blanket		
Position Bond		
Board Secretary	10,000	
Special Risks		
Flood/Earthquake - American Alternative Insurance Corp.		
Per Property Limit Flood	5,000,000	50,000
Per Property Limit Earthquake	5,000,000	100,000
Volunteers - Berkeley Life and Health Ins. Co.	5,000	
Environmental - ACE American Ins. Co.	1,000,000	10,000
Cyber & Technology - XL Caitlin		
Combined Policy Aggregate Limit	2,000,000	15,000
Morris Essex Insurance Group:		
Worker's Compensation:		
(a) Statutory Benefits	Included	
(b) Employer's Liability	5,000,000	
Supplemental Coverage (optional)	Included	

Source: Washington Township School District Records.

SINGLE AUDIT SECTION



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Independent Member
BKR International

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Washington Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

The Honorable President and Members
of the Board of Education
Washington Township School District
Page 2

Compliance and Other Matters

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

Purpose of this Report

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

November 19, 2021
Mount Arlington, New Jersey

NISIVOCCIA LLP

Francis Jones of Nisivoccia LLP
Francis Jones
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Certified Public Accountant



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Independent Member
BKR International

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

The Honorable President and Members
of the Board of Education
Washington Township School District
Page 2

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

November 19, 2021
Mount Arlington, New Jersey

NISIVOCCIA LLP

Francis Jones of Nisivoccia LLP
Francis Jones
Licensed Public School Accountant #1154
Certified Public Accountant

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Budgetary Expenditures	Balance 6/30/2021		Amounts Paid to Subrecipients
							Balance Accounts Receivable/ (Unearned Revenue) 6/30/2020	Unearned Revenue	
U.S. Department of Agriculture									
Passed-through State Department of Agriculture:									
Child Nutrition Cluster:									
Federal Food Distribution Program	10.555	N/A	7/1/20-6/30/21	\$ 32,250	\$ 32,250	\$ (25,325)		\$ 6,925	
Federal Food Distribution Program	10.555	N/A	7/1/19-6/30/20	29,469		(6,686)			
COVID-19 Seamless Summer Option	10.555	N/A	10/1/20-6/30/21	355,226	310,610	(355,226)	\$ (44,616)		
COVID-19 Seamless Summer Option	10.555	N/A	3/18/20-6/30/20	9,019	1,688				
National School Lunch Program	10.555	N/A	7/1/20-6/30/21	35,882	6,995	(6,995)			
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	35,882	35				
Total Child Nutrition Cluster									
				4,963	351,578	(394,232)	(44,616)	6,925	
Total U.S. Department of Agriculture									
				4,963	351,578	(394,232)	(44,616)	6,925	
Passed-through U.S. Department of Health and Human Services									
General Fund:									
Medicaid Cluster:									
Medical Assistance Program	93.778	N/A	7/1/19-6/30/21	5,665	5,665	(5,665)			
FFCRA/ SEMI Revenue	93.778	N/A	7/1/20-6/30/21	257	257	(257)			
Total U.S. Department of Health and Human Services/Total Medicaid Cluster									
					5,922	(5,922)			
Special Revenue Fund:									
U.S. Department of Education									
Passed-through State Department of Education:									
Elementary and Secondary Education Act:									
Title II A	84.278A	ESEA552021	7/1/20-9/30/21	24,397	18,675	(18,675)			
Title III	84.031A	ESEA552021	7/1/20-9/30/21	10,711	10,711	(10,711)			
Total Elementary and Secondary Education Act									
					29,386	(29,386)			
U.S. Department of Education									
Passed-through State Department of Education:									
Education Stabilization Fund:									
COVID 19 - CARES Emergency Relief	84.425D	CARES552020	3/13/20-9/30/22	54,024	54,024	(54,024)			
Coronavirus Response and Relief Supplemental Appropriations Act (ESSER II)	84.425D	N/A	3/13/20-9/30/23	331,394		(76,700)	(76,700)		
COVID-19 - Digital Divide Grant	84.425D	N/A	3/13/20-6/30/21	30,000	30,000	(30,000)			
Total Education Stabilization Fund									
					84,024	(160,724)	(76,700)		

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Budgetary Expenditures	Balance 6/30/2021		Amounts Paid to Subrecipients
							Balance Accounts Receivable/ (Unearned Revenue) 6/30/2020	Accounts Receivable Unearned Revenue	
U.S. Department of Education									
Passed-through State Department of Education:									
Special Education Cluster:									
I.D.E.A. Part B, Preschool	84.173	PS-5520-21	7/1/20-9/30/21	\$ 25,918	\$ 25,918	\$ (25,918)			
I.D.E.A. Part B, Basic	84.027	FT-5520-21	7/1/20-9/30/21	519,038	519,038	(519,038)			
Total Special Education Cluster					544,956	(544,956)			
U.S. Department of Treasury -									
Passed-through State Department of Education:									
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20-12/30/20	58,558	58,558	(58,558)			
Total U.S. Department of Treasury					58,558	(58,558)			
Total Special Revenue Fund					716,924	(793,624)	\$ (76,700)		
Total Federal Awards					\$ 4,963	\$1,074,424	\$ (121,316)	\$ 6,925	\$ -0-

N/A: Not Available/Applicable

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at		Budgetary Expenditures	Balance at		Memo	
				June 30, 2020	June 30, 2021		June 30, 2021	June 30, 2021	Budgetary Receivable	Cumulative Total Expenditures
				Budgetary Accounts Receivable	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Receivable		
NJ Department of Education:										
General Fund:										
Categorical Special Education Aid	21-495-034-5120-089	7/1/20 - 6/30/21	\$ 1,591,751		\$ 1,438,488	\$ (1,591,751)		\$ (153,263)	\$ 1,591,751	
Categorical Special Education Aid	20-495-034-5120-089	7/1/19 - 6/30/20	1,591,751	\$ (156,123)	156,123	(4,080,908)		(392,935)	1,591,751	
Equalization Aid	21-495-034-5120-078	7/1/20 - 6/30/21	4,080,908		3,687,973	(4,080,908)			4,080,908	
Equalization Aid	20-495-034-5120-078	7/1/19 - 6/30/20	4,993,292	(489,754)	489,754	(176,840)		(17,027)	4,993,292	
Categorical Security Aid	21-495-034-5120-084	7/1/20 - 6/30/21	176,840		159,813	(176,840)			176,840	
Categorical Security Aid	20-495-034-5120-084	7/1/19 - 6/30/20	176,840	(17,345)	17,345	(457,507)		(44,052)	176,840	
Categorical Transportation Aid	21-495-034-5120-014	7/1/20 - 6/30/21	457,507		413,455	(457,507)			457,507	
Categorical Transportation Aid	20-495-034-5120-014	7/1/19 - 6/30/20	457,507	(44,873)	44,873	(11,546)		(11,546)	457,507	
Non-Public Transportation Aid	21-495-034-5120-014	7/1/20 - 6/30/21	11,546			(878,494)		(878,494)	11,546	
Extraordinary Aid	21-495-034-5120-044	7/1/20 - 6/30/21	878,494			(50,334)		(878,494)	878,494	
Extraordinary Aid	20-495-034-5120-044	7/1/19 - 6/30/20	552,857	(502,523)	552,857	(1,354,126)		(70,566)	552,857	
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20 - 6/30/21	1,354,126		1,283,560	(1,354,126)			1,354,126	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19 - 6/30/20	1,342,596	(71,603)	71,603	(5,065,094)			1,342,596	
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20 - 6/30/21	5,065,094		5,065,094	(96,370)			5,065,094	
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20 - 6/30/21	96,370		96,370	(1,617,522)			96,370	
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20 - 6/30/21	1,617,522		1,617,522	(2,401)			1,617,522	
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20 - 6/30/21	2,401		2,401				2,401	
Total General Fund				(1,282,221)	15,097,231	(15,382,893)	(960,606)	(1,567,883)	24,447,402	
Total NJ Department of Education				(1,282,221)	15,097,231	(15,382,893)	(960,606)	(1,567,883)	24,447,402	
New Jersey Department of Agriculture:										
Food Service Fund:										
COVID-19 Seamless Summer Option	21-100-010-3350-023	7/1/20 - 6/30/21	15,804		12,091	(15,804)		(3,713)	15,804	
State School Lunch Program (State Share)	21-100-010-3350-023	7/1/20 - 6/30/21	107		107	(107)			107	
COVID-19 Seamless Summer Option	20-100-010-3350-023	3/18/20 - 6/30/20	145	(27)	27				145	
State School Lunch Program (State Share)	20-100-010-3350-023	7/1/19 - 6/30/20	3,732	(964)	964				3,732	
Total NJ Department of Agriculture				(991)	13,189	(15,911)	(3,713)	(3,713)	19,788	

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Balance at June 30, 2021		Memo	
				Budgetary Accounts Receivable	GAAP Accounts Receivable		Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Receivable	Cumulative Total Expenditures
NJ Schools Development Authority: Capital Projects Fund: HVAC Project - Flocktown	5520-030-13-2002	7/1/13-6/30/21	\$ 518,800	\$ (103,760)	\$ 103,760			\$ 518,800		
Total Schools Development Authority				(103,760)	103,760			1,346,566		
Total State Awards Subject to Single Audit Determination				<u>\$ (1,386,972)</u>	<u>\$ 15,214,180</u>		<u>\$ (15,398,804)</u>	<u>\$ (964,319)</u>	<u>\$ (1,571,596)</u>	<u>\$ 25,813,756</u>
Less: State Awards Not Subject to Single Audit Major Program Determination										
On-Behalf TPAF Pension System Contributions:										
On-Behalf TPAF Pension Contributions	21 -495-034-5094-002	7/1/20 - 6/30/21	5,065,094					5,065,094		
On-Behalf TPAF Non-Contributory Insurance	21 -495-034-5094-004	7/1/20 - 6/30/21	96,370					96,370		
On-Behalf TPAF Post Retirement Contributions	21 -495-034-5094-001	7/1/20 - 6/30/21	1,617,522					1,617,522		
On-Behalf TPAF Long-Term Disability Insurance	21 -495-034-5094-004	7/1/20 - 6/30/21	2,401					2,401		
Subtotal - On-Behalf TPAF Pension System Contributions								<u>6,781,387</u>		
Total State Awards Subject to Single Audit Major Program Determination									<u>\$ (8,617,417)</u>	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Washington Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$100,818) for the general fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Revenue from federal and state awards are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 5,922	\$ 15,483,711	\$ 15,489,633
Special Revenue Fund	747,070		747,070
Capital Projects Fund		103,759	103,759
Food Service Fund	394,232	15,911	410,143
Total Awards	<u>\$ 1,147,224</u>	<u>\$ 15,603,381</u>	<u>\$ 16,750,605</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

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

Summary of Auditors' Results:

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

	<u>C.F.D.A. Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster				
I.D.E.A. Part B, Preschool	84.173	7/1/20-9/30/21	\$ 25,918	\$ 25,918
I.D.E.A. Part B, Basic	84.027	7/1/20-9/30/21	519,038	519,038
	<u>State</u>		<u>Award</u>	<u>Budgetary</u>
	<u>Grant Number</u>	<u>Grant Period</u>	<u>Amount</u>	<u>Expenditures</u>
<u>State:</u>				
Reimbursed TPAF Social				
Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	1,354,126	1,354,126
Extraordinary Aid	21-495-034-5120-044	7/1/20-6/30/21	878,494	878,494
Extraordinary Aid	21-495-034-5120-044	7/1/19-6/30/20	552,857	50,334

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

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

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Code.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

WASHINGTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings:

There were no prior year recommendations.