

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Warren, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Watchung Hills Regional High School District

Warren, New Jersey

For The Fiscal Year Ended June 30, 2021

Prepared by

Business Office

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	1-4
Organizational Chart	5-9
Roster of Officials	10
Consultants and Advisors	11

FINANCIAL SECTION

Independent Auditor's Report	12-14
------------------------------	-------

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis	15-26
--------------------------------------	-------

Financial Statements

A. District-Wide Financial Statements

A-1	Statement of Net Position	27
A-2	Statement of Activities	28

B. Fund Financial Statements

Governmental Funds

B-1	Balance Sheet	29
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances	30
B-3	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31

Proprietary Funds

B-4	Statement of Net Position	32
B-5	Statement of Revenues, Expenses, and Changes in Net Position	33
B-6	Statement of Cash Flows	34

Fiduciary Funds – Not Applicable

Notes to the Financial Statements	35-78
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**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS**

		<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION - PART II		
C. Budgetary Comparison Schedules		
C-1	Budgetary Comparison Schedule – General Fund	79-85
C-2	Budgetary Comparison Schedule – Special Revenue Fund	86
C-3	Notes to the Required Supplementary Information – Budgetary Comparison Schedule	87
REQUIRED SUPPLEMENTARY INFORMATION - PART III		
L. Schedules Related to Accounting and Reporting for Pensions and Other Post-Employment Benefits		
L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees’ Retirement System	88
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees’ Retirement System	89
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers’ Pension and Annuity Fund	90
L-4	Notes to the Required Supplementary Information – Net Pension Liability	91
L-5	Required Supplementary Information – Schedule of Changes in District’s Proportionate Share of Total OPEB Liability	92
L-6	Notes to Required Supplementary Information – OPEB Liability	93
OTHER SUPPLEMENTARY INFORMATION		
D. School Based Budget Schedules – Not Applicable		
E. Special Revenue Fund		
E-1	Combining Statement of Revenues, Expenditures and Changes in Fund Balance Special Revenue Fund – Budgetary Basis	94-95
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis – Not Applicable	96
E-3	Schedule of Student Activities Receipts and Disbursements – Student Activity Fund	96
F. Capital Projects Fund		
F-1	Summary Schedule of Project Expenditures	97
F-2	Summary Schedule of Project Expenditures and Changes in Fund Balance – Budgetary Basis	98
F-2a- 2c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	99-101

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION (Continued)	
G. Proprietary Funds	
<i>Enterprise Fund</i>	
G-1 Combining Statement of Net Position – Not Applicable	102
G-2 Combining Statements of Revenues, Expenses and Changes in Net Position – Not Applicable	102
G-3 Combining Statements of Cash Flows – Not Applicable	102
<i>Internal Service Fund – Not Applicable</i>	
H. Fiduciary Funds – Not Applicable	
I. Long-Term Debt	
I-1 Schedule of Serial Bonds Payable	103
I-2 Schedule of Obligations under Lease-Purchase Agreements	104
I-3 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual	105
J. STATISTICAL SECTION (Unaudited)	
Financial Trends	
J-1 Net Position by Component	106
J-2 Changes in Net Position	107-108
J-3 Fund Balances – Governmental Funds	109
J-4 Changes in Fund Balances – Governmental Funds	110
J-5 General Fund Other Local Revenue by Source	111
Revenue Capacity	
J-6 Assessed Value and Actual Value of Taxable Property	112
J-7 Computation of Direct and Overlapping Outstanding Bonded Debt	113
J-8 Principal Property Taxpayers	114
J-9 Property Tax Levies and Collections	115
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	116
J-11 Ratios of Net General Bonded Debt Outstanding	117
J-12 Property Tax Rates - Direct and Overlapping Governments	118
J-13 Legal Debt Margin Information	119
Demographic and Economic Information	
J-14 Demographic Statistics	120
J-15 Principal Employers	121
Operating Information	
J-16 Full Time Equivalent District Employees by Function/Program	122
J-17 Operating Statistics	123
J-18 School Building Information	124
J-19 Schedule of Required Maintenance for School Facilities	125
J-20 Schedule of Insurance	126

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

K. SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report	127-128
K-2	Report on Compliance for each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	129-131
K-3	Schedule of Expenditures of Federal Awards	132
K-4	Schedule of Expenditures of State Financial Assistance	133
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	134-135
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	136-137
K-6	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	138
K-6	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	139
K-7	Summary Schedule of Prior Year Audit Findings	140

INTRODUCTORY SECTION



WATCHUNG HILLS REGIONAL HIGH SCHOOL

ELIZABETH C. JEWETT, PhD
SUPERINTENDENT

TIMOTHY M. STYS, CPA
BUSINESS ADMINISTRATOR

WILLIAM J. LIBRERA
PRINCIPAL

February 4, 2022

Honorable President and
Members of the Board of Education
Watchung Hills Regional High School District
108 Stirling Road
Warren, NJ 07059

Dear Board Members:

The comprehensive annual financial report of the Watchung Hills Regional High School District Board of Education 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 Watchung Hills Regional High School Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the Independent Auditors' Report, Management's Discussion and Analysis and basic financial statements including the district-wide financial statements presented in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statements. The basic financial statements also include individual fund financial statements, Notes to Financial Statements and Required Supplementary Information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance), and the State 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 auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Watchung Hills Regional High School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Watchung Hills Regional High School Board of Education constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2020/2021 fiscal year with an enrollment of 1,900 which is 35 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020/2021	1,900	(1.81%)
2019/2020	1,935	(1.53%)
2018/2019	1,965	(2.43%)
2017/2018	2,014	(2.42%)
2016/2017	2,064	(3.42%)
2015/2016	2,137	(2.73%)
2014/2015	2,197	1.01%
2013/2014	2,175	1.82%
2012/2013	2,136	3.49%
2011/2012	2,064	0.34%

2. ECONOMIC CONDITION AND OUTLOOK:

The Watchung Hills Regional High School area is experiencing a reduction in enrollment. Student population has steadily declined since 2014/2015. The State of New Jersey continues to add costly mandates while maintaining or reducing state aid with a 2% budget CAP. Despite the challenging environment, the Watchung Hills Regional High School is committed to move forward with the expectation of full compliance to regulations, adherence to the strict budget CAP and understanding of the difficult economic conditions of our taxpayers while continuing to provide high quality instruction to students.

3. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the District also is responsible for ensuring than an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs.

3. INTERNAL ACCOUNTING CONTROLS (Continued):

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

4. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

5. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in the "Notes to the Financial Statements".

6. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in the "Notes to the Financial Statements", Note 4. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA) or New Jersey Cash Management Fund. GUDPA was enacted to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, which the funds are secured in accordance with the Act or the New Jersey Cash Management Fund.

7. RISK MANAGEMENT:

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

8. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U.S. Uniform Guidance and the State OMB Circular 15-08. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

9. ACKNOWLEDGEMENTS:

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

Respectfully submitted,

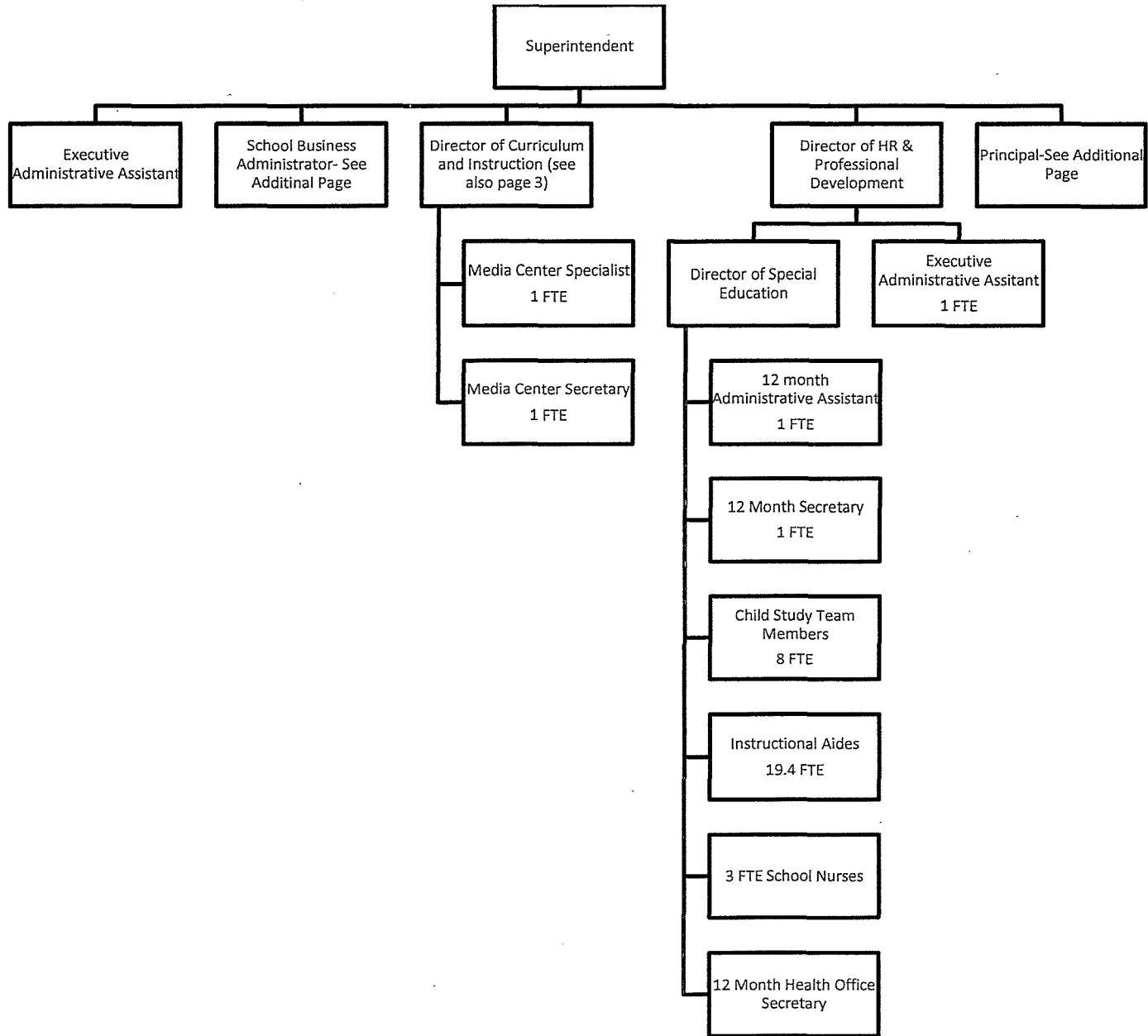


Elizabeth C. Jewett
Superintendent of Schools

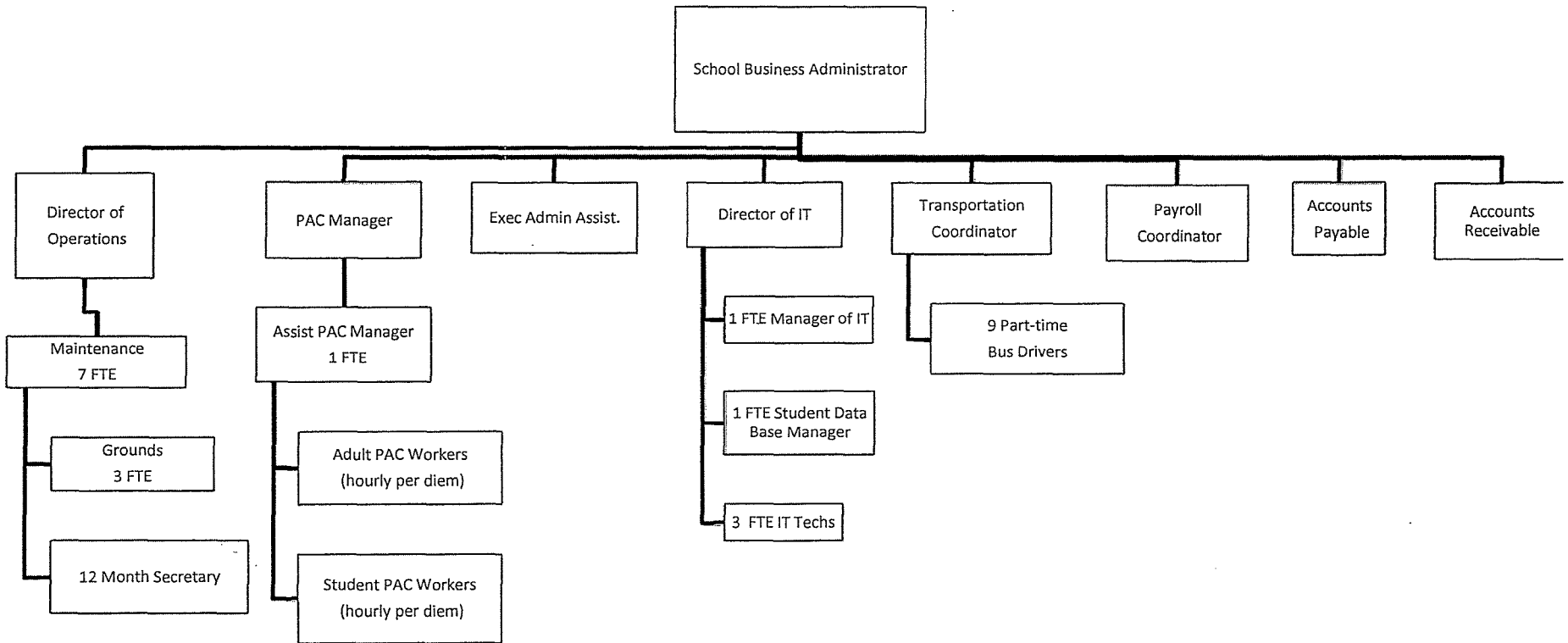


Timothy M. Stys
School Business Administrator/
Board Secretary

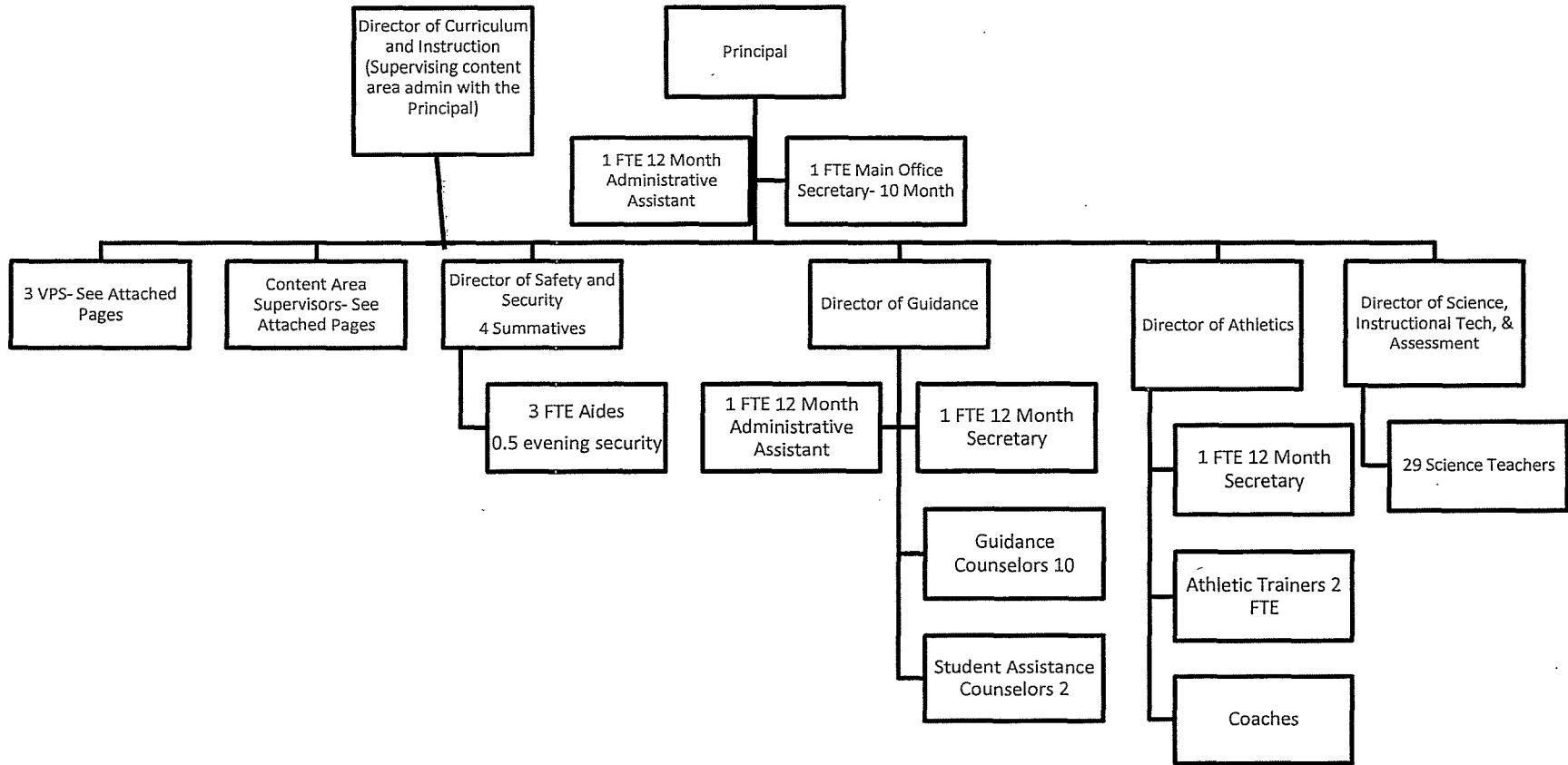
District Organizational Chart Watchung Hills Regional High School



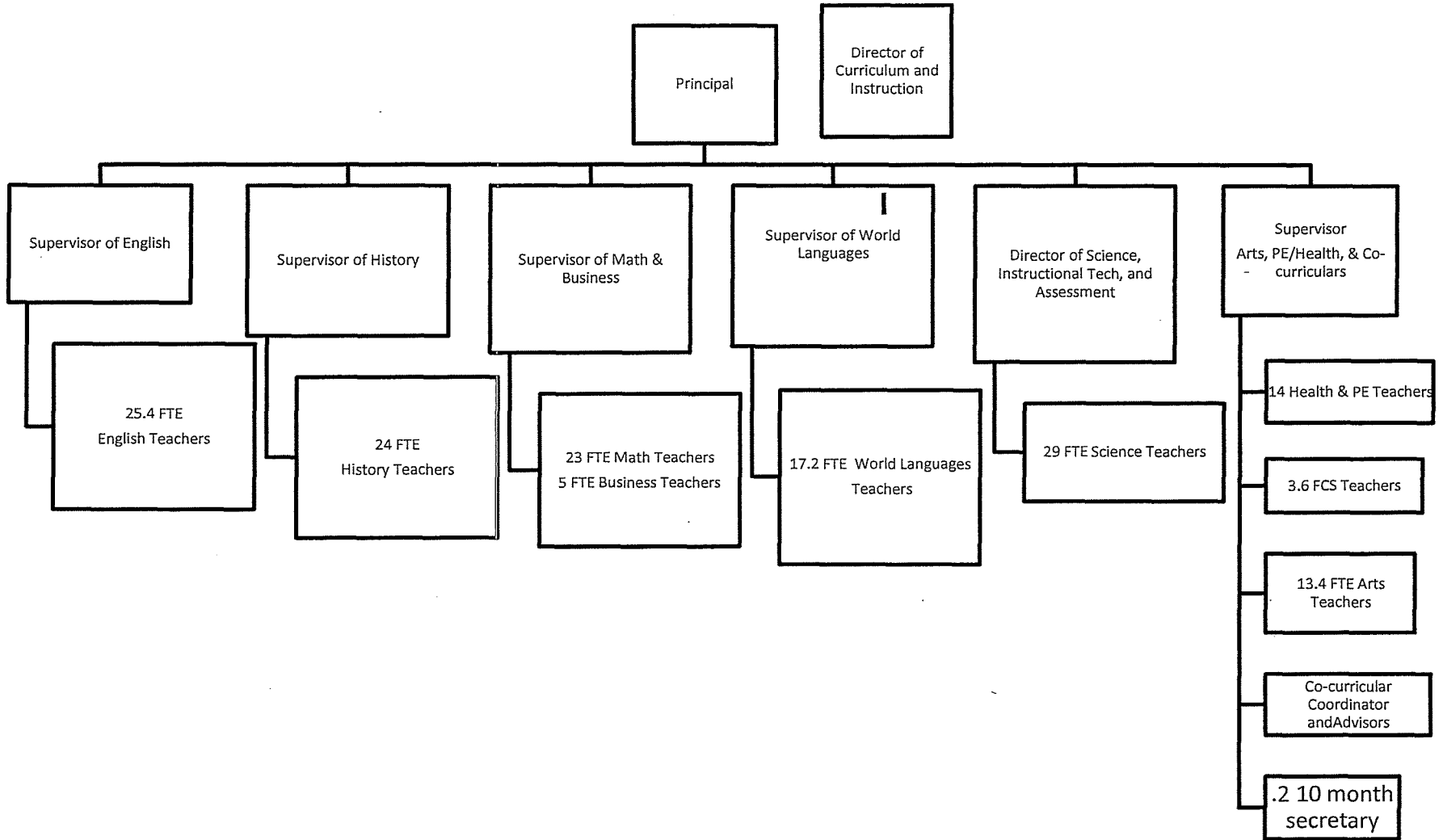
District Organizational Chart Watchung Hills Regional High School



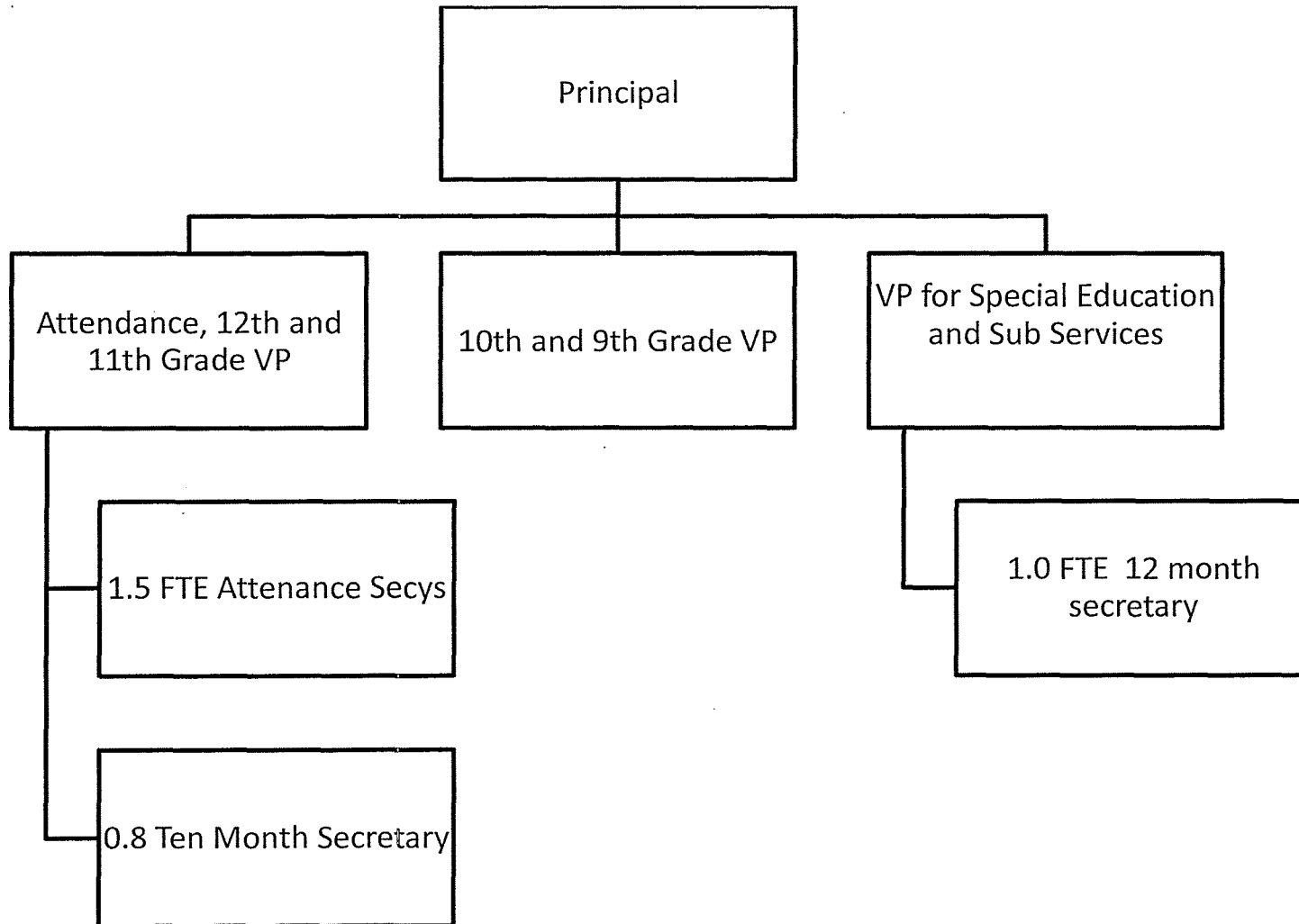
District Organizational Chart Watchung Hills Regional High School



District Organizational Chart Watchung Hills Regional High School



District Organizational Chart Watchung Hills Regional High School



WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2021

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Gregory Przybylski –President Warren Township	2021
Susan Ober, Vice President Long Hill Township	2021
Barry Hunsinger Watchung Borough	2021
Rita Barone Long Hill Township	2022
Robert Morrison Warren Township	2022
Naresh Chand Warren Township	2022
Michael Birnberg Watchung Borough	2023
Peter Fallon Warren Township	2023
Carol Prasa Long Hill Township	2023

Appointed

Janine Potter Green Brook Township	1 year term
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Other Officials

Elizabeth C. Jewett, Superintendent
Timothy M. Stys, CPA, School Business Administrator/Board Secretary
Beth Scheiderman, Director of Human Resources & Professional Development
William J. Scholts - Treasurer of School Monies

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
Consultants and Advisors**

Architect

Spiezle Architecture Group, Inc.
1395 Yardville Hamilton Square Road
Hamilton, New Jersey 08691

Board Auditor

Lerch, Vinci & Higgins, LLP
17-17 Route 208N
Fair Lawn, New Jersey 07410

Board/Construction Attorney

Schenck, Price, Smith & King
220 Park Avenue
Florham Park, New Jersey 07932

Official Depository

Peapack-Gladstone Bank
Bedminster, New Jersey 07921

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Watchung Hills Regional High School District
108 Stirling Road
Warren, New Jersey 07059

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 Watchung Hills Regional High School 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Watchung Hills Regional High School 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

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2021, the Watchung Hills Regional High School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities which provided guidance on identifying fiduciary activities and how they should be reported. The adoption of this standard resulted in a change to how previously reported fiduciary fund activities are currently reported in the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information


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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 4, 2022 on our consideration of the Watchung Hills Regional High School 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 Watchung Hills Regional High School 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 Watchung Hills Regional High School District's internal control over financial reporting and compliance.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
February 4, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Watchung Hills Regional High School District's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on 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.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year include the following:

- The net position of the Watchung Hills Regional High School District at the close of the fiscal year was \$25,464,176.
- Overall revenues were \$61,477,667. General revenues accounted for \$37,245,693 or 61% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$24,231,974 or 39% of total revenues.
- The school district had \$55,209,908 in expenses for governmental activities; only \$24,218,014 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$37,245,693 were adequate to provide funding for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$11,047,603. The General Fund's fund balance at June 30, 2021 was \$10,545,432 an increase of \$1,293,719 when compared with the beginning balance of \$9,251,713 at July 1, 2020 as restated.
- The General Fund unassigned budgetary basis fund balance at June 30, 2021 was \$2,308,450 which represents an increase of \$1,089,295 compared to the ending unassigned budgetary basis fund balance at June 30, 2020 of \$1,219,155.
- The school district maintains a Capital Reserve balance of \$6,283,305, a Tuition Reserve balance of \$200,000 and a Maintenance Reserve balance of \$1,049,785 at June 30, 2021.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

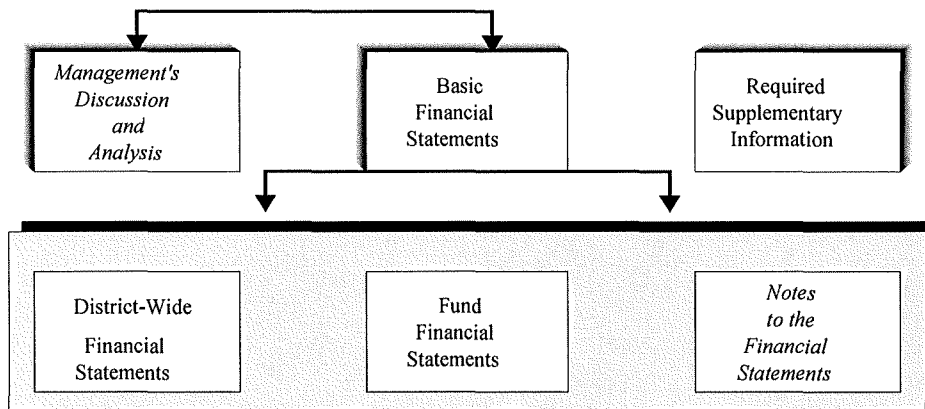
Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental 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 were financed in the short term as well as what remains for future spending.
 - Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.
 - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below presents how the various parts of this annual report are arranged and related to one another.



WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

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 are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, special education, building maintenance and administration	Activities the district operates similar to a private business: enterprise funds - food service	Instances in which the district administers resources on behalf of someone else
Required financial Statements	Statements of net position Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in fund net position Statement of cash flows	Statements of fiduciary net position, Statement of changes in fiduciary net position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability and deferred inflows/outflows information	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources are expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital and short-term and long-term	All assets, liabilities both short-term and long-term funds do not currently contain capital assets.
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues 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 revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

District-Wide Financial 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 and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

District-Wide Financial Statements (continued)

- 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 overall health of the District you need to consider additional non-financial 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 shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aid finances most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Enterprise Fund is included under this category.

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 bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state 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 to 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, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

- *Proprietary Funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

Fund Financial Statements (continued)

Enterprise Funds –These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has only one enterprise fund.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

DISTRICT-WIDE FINANCIAL ANALYSIS

Changes in Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$25,464,176 as of June 30, 2021. See the following statement of net position.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

Statement of Net Position as of June 30, 2021 and 2020

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u> (Restated)	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u> (Restated)
Assets						
Current and Other Assets	\$ 11,705,310	\$ 13,344,476	\$ 354,824	\$ 463,188	\$ 12,060,134	\$ 13,807,664
Capital Assets	<u>48,570,830</u>	<u>47,475,241</u>	<u>405,846</u>	<u>445,990</u>	<u>48,976,676</u>	<u>47,921,231</u>
Total Assets	<u>60,276,140</u>	<u>60,819,717</u>	<u>760,670</u>	<u>909,178</u>	<u>61,036,810</u>	<u>61,728,895</u>
Deferred Outflows of Resources						
Deferred Charge on Refunding of Debt	202,866	340,503	-	-	202,866	340,503
Deferred Amounts on Net Pension Liability	<u>1,090,304</u>	<u>1,475,816</u>	<u>-</u>	<u>-</u>	<u>1,090,304</u>	<u>1,475,816</u>
Total Deferred Outflows of Resources	<u>1,293,170</u>	<u>1,816,319</u>	<u>-</u>	<u>-</u>	<u>1,293,170</u>	<u>1,816,319</u>
Total Assets and Deferred Outflows of Resources	<u>61,569,310</u>	<u>62,636,036</u>	<u>760,670</u>	<u>909,178</u>	<u>62,329,980</u>	<u>63,545,214</u>
Liabilities						
Long-Term Liabilities	32,251,944	39,815,606		66,763	32,251,944	39,882,369
Other Liabilities	<u>908,324</u>	<u>1,296,014</u>	<u>67,830</u>	<u>-</u>	<u>976,154</u>	<u>1,296,014</u>
Total Liabilities	<u>33,160,268</u>	<u>41,111,620</u>	<u>67,830</u>	<u>66,763</u>	<u>33,228,098</u>	<u>41,178,383</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	<u>3,637,706</u>	<u>3,597,017</u>	<u>-</u>	<u>-</u>	<u>3,637,706</u>	<u>3,597,017</u>
Total Deferred Inflows of Resources	<u>3,637,706</u>	<u>3,597,017</u>	<u>-</u>	<u>-</u>	<u>3,637,706</u>	<u>3,597,017</u>
Total Liabilities and Deferred Inflows of Resources	<u>36,797,974</u>	<u>44,708,637</u>	<u>67,830</u>	<u>66,763</u>	<u>36,865,804</u>	<u>44,775,400</u>
Net Position:						
Net Investment in Capital Assets	24,762,412	16,916,374	405,846	445,990	25,168,258	17,362,364
Restricted	8,100,441	6,756,111			8,100,441	6,756,111
Unrestricted	<u>(8,091,517)</u>	<u>(5,745,086)</u>	<u>286,994</u>	<u>396,425</u>	<u>(7,804,523)</u>	<u>(5,348,661)</u>
Total Net Position	<u>\$ 24,771,336</u>	<u>\$ 17,927,399</u>	<u>\$ 692,840</u>	<u>\$ 842,415</u>	<u>\$ 25,464,176</u>	<u>\$ 18,769,814</u>

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

Changes in Net Position for the Fiscal Years Ended June 30, 2021 and 2020

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program Revenues						
Charges for Services	\$ 8,812,546	\$ 8,308,872	\$ 13,960	\$ 809,709	\$ 8,826,506	\$ 9,118,581
Operating Grants and Contributions	15,405,468	11,123,465			15,405,468	11,123,465
General Revenues						
Property Taxes	35,297,796	34,887,960			35,297,796	34,887,960
State Aid	1,694,470	361,647			1,694,470	361,647
Other	253,427	325,886	-	-	253,427	325,886
Total Revenues	<u>61,463,707</u>	<u>55,007,830</u>	<u>13,960</u>	<u>809,709</u>	<u>61,477,667</u>	<u>55,817,539</u>
Expenses						
Instruction						
Regular	23,634,046	21,467,797			23,634,046	21,467,797
Special Education	7,390,237	6,882,692			7,390,237	6,882,692
Other Instruction	74,699	66,181			74,699	66,181
School Sponsored Activities and Athletics	2,282,312	2,094,102			2,282,312	2,094,102
Support Services						
Student and Instruction Related Services	8,278,350	7,581,741			8,278,350	7,581,741
General Administration	1,321,681	1,244,024			1,321,681	1,244,024
School Administration Services	2,592,670	2,349,670			2,592,670	2,349,670
Plant Operation and Maintenance	5,379,504	4,957,295			5,379,504	4,957,295
Pupil Transportation	1,839,775	2,157,114			1,839,775	2,157,114
Business and Other Support Services	1,564,942	1,376,303			1,564,942	1,376,303
Interest on Long-Term Debt	851,692	1,077,024			851,692	1,077,024
Food Services	-	-	166,315	828,998	166,315	828,998
Total Expenses	<u>55,209,908</u>	<u>51,253,943</u>	<u>166,315</u>	<u>828,998</u>	<u>55,376,223</u>	<u>52,082,941</u>
Change in Net Position	6,253,799	3,753,887	(152,355)	(19,289)	6,101,444	3,734,598
Net Position, Beginning of Year (Restated)	18,517,537	14,230,486	842,414	808,422	19,359,951	15,038,908
Prior Period Adjustment	-	(56,974)	2,781	53,282	2,781	(3,692)
Net Position, End of Year	<u>\$ 24,771,336</u>	<u>\$ 17,927,399</u>	<u>\$ 692,840</u>	<u>\$ 842,415</u>	<u>\$ 25,464,176</u>	<u>\$ 18,769,814</u>

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$61,463,707 for the fiscal year ended June 30, 2021. Property taxes of \$35,297,796 represented 57% percent of revenues. Another significant portion of revenues came from State aid; total State, Federal and local aid was \$17,099,938. The other major source of revenues is charges for services which includes tuition from other LEAs predominately from the Green Brook Board of Education. The District received \$8,812,546 in tuition in 2020/21.

The total cost of all governmental activities programs and services was \$55,209,908. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$33,381,294 (61%) of total expenditures. Student support services, exclusive of administration, total \$8,278,350 or (15%) of total expenditures.

Total governmental activities revenues exceeded expenses increasing net position \$6,253,799 from the previous year.

Net Cost of Governmental Activities. The District's total cost of services was \$55,209,908. After applying program revenues, derived from charges for services of \$8,812,546 and operating grants and contributions of \$15,405,468 the net cost of services of the District is \$30,991,894.

Total and Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2021 and 2020

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Governmental Activities				
Instruction				
Regular	\$ 23,634,046	\$ 21,467,797	\$ 8,928,947	\$ 9,700,173
Special Education	7,390,237	6,882,692	3,114,475	2,473,340
Other Instruction	74,699	66,181	49,987	48,436
School Sponsored Activities and Athletics	2,282,312	2,094,102	1,456,978	1,636,742
Support Services				
Student and Instruction Related Services	8,278,350	7,581,741	6,015,483	6,009,585
General Administration	1,321,681	1,244,024	1,185,891	1,150,194
School Administration Services	2,592,670	2,349,670	2,124,150	2,084,175
Plant Operation and Maintenance	5,379,504	4,957,295	4,821,204	4,865,291
Pupil Transportation	1,839,775	2,157,114	1,139,609	1,538,601
Central and Other Support Services	1,564,942	1,376,303	1,303,478	1,238,045
Interest on Debt and Other Charges	851,692	1,077,024	851,692	1,077,024
	<u>\$ 55,209,908</u>	<u>\$ 51,253,943</u>	<u>\$ 30,991,894</u>	<u>\$ 31,821,606</u>
Total Governmental Activities	<u>\$ 55,209,908</u>	<u>\$ 51,253,943</u>	<u>\$ 30,991,894</u>	<u>\$ 31,821,606</u>

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

Business-Type Activities – The District's total business-type activities revenues were \$13,960 for the fiscal year ended June 30, 2021. Charges for services accounted for 100% of total revenues.

The total cost of all business-type activities programs and services was \$166,315. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District.

Total business-type activities expenses exceeded revenues, and the prior period capital assets adjustment decreasing net position by \$149,574 from the previous year's balance.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$11,047,603. At June 30, 2020, the fund balance (as restated) was \$13,090,248. This decrease was largely attributable to the expenditure of facility projects in the Capital Projects Fund.

Revenues for the District's governmental funds were \$56,738,937 while total expenses were \$58,841,965.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students from grades 9 through 12 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2021</u>	Fiscal Year Ended <u>June 30, 2020</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Local Sources:				
Property Taxes	\$ 32,061,861	\$ 31,668,863	\$ 392,998	1.24%
Tuition	8,539,618	8,308,872	230,746	2.78%
Miscellaneous	246,209	297,036	(50,827)	-17.11%
State Sources	<u>9,710,193</u>	<u>8,156,511</u>	<u>1,553,682</u>	19.05%
Total General Fund Revenues	<u>\$ 50,557,881</u>	<u>\$ 48,431,282</u>	<u>\$ 2,126,599</u>	4.39%

Total General Fund Revenues increased by \$2,126,599 or 4.39% over the previous year.

Property taxes increased slightly more than 1% over the previous year. Tuition revenues increased by \$230,746. State aid revenues increased \$1,553,682, primarily due to an increase in the state TPAF pension contribution.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2021</u>	Fiscal Year Ended <u>June 30, 2020</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Instruction	\$ 27,637,531	\$ 26,720,136	\$ 917,395	3.43%
Support Services	17,924,402	17,401,718	522,684	3.00%
Debt Service	380,280	399,074	(18,794)	-4.71%
Capital Outlay	<u>1,017,120</u>	<u>2,337,606</u>	<u>(1,320,486)</u>	-56.49%
Total Expenditures	<u>\$ 46,959,333</u>	<u>\$ 46,858,534</u>	<u>\$ 100,799</u>	0.22%

In 2020-2021 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$1,293,719. As a result, total fund balance increased to \$10,545,432 at June 30, 2021. After deducting statutory transfers and reserves, the unassigned fund balance decreased from \$473,135 at June 30, 2020 to \$1,132,193 at June 30, 2021.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$1,243,433, for the fiscal year ended June 30, 2021. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 63% of the total revenue for the year. Total Special Revenue Fund revenues increased by \$648,063 from the previous year.

Expenditures of the Special Revenue Fund were \$1,312,739. Instructional expenditures were \$947,538 or 72% of total expended for the fiscal year ended June 30, 2021.

Capital Projects - The capital projects expenditures and other financing uses exceeded revenues by \$3,302,901 decreasing fund balance to \$188,510 at June 30, 2021. The decrease is primarily due to the substantial completion of the Media Center project.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities that are supported in part through user fees.

Enterprise Fund - The District uses the Enterprise Fund to report activities related to the Food Services. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of these Funds have already been addressed in the discussion of the District's business-type activities.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are detailed on Exhibit C-1 of the CAFR.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2021 amounts to \$48,976,676 (net of accumulated depreciation). The capital assets consist of land, site improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2020-21 amounted to \$3,106,936 for governmental activities and \$42,925 for business-type activities.

Capital Assets at June 30, 2021 and 2020

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 105,616	\$ 105,616			\$ 105,616	\$ 105,616
Improvements Other Than Buildings	7,905,357	6,765,977			7,905,357	6,765,977
Buildings	75,733,839	72,063,570			75,733,839	72,063,570
Machinery and Equipment	6,247,145	5,816,639	\$ 839,754	\$ 843,489	7,086,899	6,660,128
Construction in Progress	435,171	1,590,220	-	-	435,171	1,590,220
	90,427,128	86,342,022	839,754	843,489	91,266,882	87,185,511
Less Accumulated Depreciation	<u>(41,856,298)</u>	<u>(38,866,781)</u>	<u>(433,908)</u>	<u>(397,499)</u>	<u>(42,290,206)</u>	<u>(39,264,280)</u>
Total Capital Assets (Net)	<u>\$ 48,570,830</u>	<u>\$ 47,475,241</u>	<u>\$ 405,846</u>	<u>\$ 445,990</u>	<u>\$ 48,976,676</u>	<u>\$ 47,921,231</u>

Additional information on the District's capital assets is presented in Note 4 of this report.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$641,143, bonds payable of \$23,731,000, obligations under lease-purchase agreements of \$122,154 and net pension liability of \$7,599,517.

Additional information of the District's long-term liabilities is presented in Note 4 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Currently, the District's budgetary funds are in solid financial condition. The District currently has \$2,308,450 of unassigned general fund surplus. Additionally, the district has approximately \$6.3 million in Capital Reserve to finance future capital expenditures. In addition, the District maintains a maintenance reserve of approximately \$1 million. The practice of maintaining sufficient reserve balances has contributed to the Watchung Hills Regional High School being able to obtain and sustain a AAA credit rating.

Many factors were considered by the District's administration during the process of developing the fiscal year 2021/2022 budget. The primary factors were the District's projected student population, the condition of the facility, the condition of the New Jersey economy, and the economic difficulties that face our region. Going forward, the District will be faced with the potential for level or reduced State aid and mandated budget CAP's.

The District's operating budget for 2021/2022 is \$44,318,875. The Watchung Hills Regional High School Board of Education looks forward to working within the State mandated budget CAP restrictions while maintaining a high level of academic standard; providing a high quality of education for area students at a reasonable cost to taxpayers.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our 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 information contact the Office of the School Business Administrator, Watchung Hills Regional High School District, 108 Stirling Road, Warren, NJ 07059.

FINANCIAL STATEMENTS

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 11,092,721	\$ 346,004	\$ 11,438,725
Receivables, net	612,589		612,589
Inventory		8,820	8,820
Capital Assets			
Not Being Depreciated	540,787		540,787
Being Depreciated, Net	<u>48,030,043</u>	<u>405,846</u>	<u>48,435,889</u>
Total Assets	<u>60,276,140</u>	<u>760,670</u>	<u>61,036,810</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding of Debt	202,866		202,866
Deferred Amounts on Net Pension Liability	<u>1,090,304</u>	<u>-</u>	<u>1,090,304</u>
Total Deferred Outflows of Resources	<u>1,293,170</u>	<u>-</u>	<u>1,293,170</u>
Total Assets and Deferred Outflows of Resources	<u>61,569,310</u>	<u>760,670</u>	<u>62,329,980</u>
LIABILITIES			
Accounts Payable and Other Liabilities	553,996	12,147	566,143
Intergovernmental Payable	63,196		63,196
Accrued Interest Payable	250,617		250,617
Unearned Revenue	40,515	55,683	96,198
Noncurrent Liabilities			
Due Within One Year	3,122,654		3,122,654
Due Beyond One Year	<u>29,129,290</u>	<u>-</u>	<u>29,129,290</u>
Total Liabilities	<u>33,160,268</u>	<u>67,830</u>	<u>33,228,098</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>3,637,706</u>	<u>-</u>	<u>3,637,706</u>
Total Deferred Inflows of Resources	<u>3,637,706</u>	<u>-</u>	<u>3,637,706</u>
Total Liabilities and Deferred Inflows of Resources	<u>36,797,974</u>	<u>67,830</u>	<u>36,865,804</u>
NET POSITION			
Net Investment in Capital Assets	24,762,412	405,846	25,168,258
Restricted for:			
Capital Projects	6,470,036		6,470,036
Debt Service	28,179		28,179
Other Purposes	1,602,226		1,602,226
Unrestricted	<u>(8,091,517)</u>	<u>286,994</u>	<u>(7,804,523)</u>
Total Net Position	<u>\$ 24,771,336</u>	<u>\$ 692,840</u>	<u>\$ 25,464,176</u>

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

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 23,634,046	\$ 7,592,299	\$ 7,112,800	\$ (8,928,947)		\$ (8,928,947)
Special Education	7,390,237	947,319	3,328,443	(3,114,475)		(3,114,475)
Other Instruction	74,699		24,712	(49,987)		(49,987)
School Sponsored Activities and Athletics	2,282,312	272,928	552,406	(1,456,978)		(1,456,978)
Support Services:						
Student and Instruction Related Services	8,278,350		2,262,867	(6,015,483)		(6,015,483)
General Administration Services	1,321,681		135,790	(1,185,891)		(1,185,891)
School Administration Services	2,592,670		468,520	(2,124,150)		(2,124,150)
Plant Operations and Maintenance	5,379,504		558,300	(4,821,204)		(4,821,204)
Pupil Transportation	1,839,775		700,166	(1,139,609)		(1,139,609)
Central and Other Support Services	1,564,942		261,464	(1,303,478)		(1,303,478)
Interest on Long-Term Debt and Other Charges	851,692	-	-	(851,692)	-	(851,692)
Total Governmental Activities	55,209,908	8,812,546	15,405,468	(30,991,894)	-	(30,991,894)
Business-Type Activities:						
Food Service	166,315	13,960	-	-	\$ (152,355)	(152,355)
Total Business-Type Activities	166,315	13,960	-	-	(152,355)	(152,355)
Total Primary Government	\$ 55,376,223	\$ 8,826,506	\$ 15,405,468	(30,991,894)	(152,355)	(31,144,249)
General Revenues:						
Property Taxes:						
General Purposes				32,061,861		32,061,861
Debt Service				3,235,935		3,235,935
State Aid - Restricted for Debt Service				1,694,470		1,694,470
Investment Earnings				28,663		28,663
Miscellaneous Income				224,764	-	224,764
Total General Revenues				37,245,693	-	37,245,693
Change in Net Position				6,253,799	(152,355)	6,101,444
Net Position, Beginning of Year (Restated)				18,517,537	842,414	19,359,951
Prior Period Adjustment (Capital Assets)				-	2,781	2,781
Net Position, End of Year				\$ 24,771,336	\$ 692,840	\$ 25,464,176

FUND FINANCIAL STATEMENTS

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF 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>
ASSETS					
Cash	\$ 10,552,175	\$ 294,262	\$ 219,884	\$ 26,400	\$ 11,092,721
Receivables, Net					
Intergovernmental	298,390	314,199			612,589
Due from Other Funds	248,448	-	-	-	248,448
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 11,099,013</u>	<u>\$ 608,461</u>	<u>\$ 219,884</u>	<u>\$ 26,400</u>	<u>\$ 11,953,758</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 447,573	\$ 73,249	\$ 3,658		\$ 524,480
Payroll Deductions and Withholdings Payable	29,516				29,516
Due to Other Funds		220,732	27,716		248,448
Intergovernmental Payable	51,492	11,704			63,196
Unearned Revenue	25,000	15,515	-	-	40,515
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>553,581</u>	<u>321,200</u>	<u>31,374</u>	<u>-</u>	<u>906,155</u>
Fund Balances					
Restricted Fund Balance					
Capital Reserve	6,283,305				6,283,305
Maintenance Reserve	1,049,785				1,049,785
Tuition Reserve	100,000				100,000
Tuition Reserve - Designated for Subsequent Year's Budget	100,000				100,000
Excess Surplus - Designated for Subsequent Year's Budget	742,203				742,203
Capital Projects Fund			188,510		188,510
Debt Service Fund				\$ 26,400	26,400
Unemployment Compensation Claims	265,180				265,180
Scholarships		51,308			51,308
Co-Curricular Student Activities and Athletics		235,953			235,953
Committed Fund Balance					-
Encumbrances	644,267				644,267
Assigned Fund Balance					
Encumbrances	228,499				228,499
Unassigned Fund Balance					
General Fund	1,132,193	-	-	-	1,132,193
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>10,545,432</u>	<u>287,261</u>	<u>188,510</u>	<u>26,400</u>	<u>11,047,603</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 11,099,013</u>	<u>\$ 608,461</u>	<u>\$ 219,884</u>	<u>\$ 26,400</u>	<u> </u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$90,427,128 and the accumulated depreciation is \$41,856,298. 48,570,830

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (250,617)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 2) (34,596,480)

Net Position of governmental activities (Exhibit A-1) \$ 24,771,336

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

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 32,061,861			\$ 3,235,935	\$ 35,297,796
Interest Earnings	25,349		\$ 3,314		28,663
Tuition	8,539,618				8,539,618
Miscellaneous	220,860	\$ 328,895	-	3,904	553,659
Total - Local Sources	40,847,688	328,895	3,314	3,239,839	44,419,736
State Sources	9,710,193	125,859		1,694,470	11,530,522
Federal Sources	-	788,679	-	-	788,679
Total Revenues	50,557,881	1,243,433	3,314	4,934,309	56,738,937
EXPENDITURES					
Current					
Regular Instruction	19,534,898	196,899			19,731,797
Special Education Instruction	6,297,371	412,862			6,710,233
Other Instruction	65,537				65,537
School Sponsored Activities and Athletics	1,739,725	337,777			2,077,502
Support Services					
Student and Instruction Related Services	6,779,775	186,653			6,966,428
General Administrative Services	989,195				989,195
School Administrative Services	2,272,562				2,272,562
Plant Operations and Maintenance	4,597,096	30,252			4,627,348
Pupil Transportation	1,831,319				1,831,319
Central and Other Support Services	1,454,455				1,454,455
Debt Service					
Principal	253,053			6,557,000	6,810,053
Interest and Other Charges	127,227			911,780	1,039,007
Cost of Issuance				60,383	60,383
Capital Outlay	1,017,120	148,296	3,040,730	-	4,206,146
Total Expenditures	46,959,333	1,312,739	3,040,730	7,529,163	58,841,965
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,598,548	(69,306)	(3,037,416)	(2,594,854)	(2,103,028)
OTHER FINANCING SOURCES (USES)					
Refunding Bond Proceeds				5,803,000	5,803,000
Payments to Escrow Agent				(5,742,617)	(5,742,617)
Transfers In	6,171	35,000		2,535,314	2,576,485
Transfers Out	(2,311,000)	-	(265,485)	-	(2,576,485)
Total Other Financing Sources and (Uses)	(2,304,829)	35,000	(265,485)	2,595,697	60,383
Net Change in Fund Balances	1,293,719	(34,306)	(3,302,901)	843	(2,042,645)
Fund Balance, Beginning of Year (Restated)	9,251,713	321,567	3,491,411	25,557	13,090,248
Fund Balance, End of Year	\$ 10,545,432	\$ 287,261	\$ 188,510	\$ 26,400	\$ 11,047,603

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

**WATCHUNG HILLS REGIONAL HIGH 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 (Exhibit B-2) \$ (2,042,645)

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.

Depreciation Expense	\$ (3,106,936)	
Capital Outlay	4,206,146	
		1,099,210

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, donations) is to increase (decrease) net position. These transactions are not reported in the governmental funds financial statements.

Loss on Disposal of Capital Assets		(3,621)
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Repayment of debt is an expenditure in the governmental funds, but the issuance increases and repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Payment of Principal		
Capital Note	3,857,000	
Serial Bonds	2,700,000	
Lease Purchase Agreements	253,053	
Proceeds from Bond Refunding	(5,803,000)	
Payment to Escrow Agent	5,742,617	
		6,749,670

The issuance of refunding bonds provides current financial resources to the governmental funds, while the repayment of the refunded bonds uses those current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	136,292	
Amortization of Deferred Charge on Refunding	(89,625)	
		46,667

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.

201,031

In the statement of activities, certain operating expenses, e.g., compensated absences 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.

(5,049)

In the statement of activities, pension expenses are measured by the liability accrued during the year. In the governmental funds, however, expenditures are reported in the amount of financial resources used (paid).

Decrease in Pension Expense - Public Employees' Retirement System		208,536
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 6,253,799

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

ASSETS

Current Assets

Cash	\$ 346,004
Inventory	<u>8,820</u>

Total Current Assets	<u>354,824</u>
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Capital Assets

Furniture, Machinery, and Equipment	839,754
Less: Accumulated Depreciation	<u>(433,908)</u>

Total Noncurrent Assets	<u>405,846</u>
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Total Assets	<u>760,670</u>
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LIABILITIES

Current Liabilities

Accounts Payable	12,147
Unearned Revenue	<u>55,683</u>

Total Current Liabilities	<u>67,830</u>
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NET POSITION

Net Investment in Capital Assets	405,846
Unrestricted	<u>286,994</u>

Total Net Position	<u>\$ 692,840</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OPERATING REVENUES

Charges for Services	
Daily Sales- Non-Reimbursable Programs	\$ <u>13,960</u>
 Total Operating Revenues	 <u>13,960</u>
 OPERATING EXPENSES	
Cost of Sales - Non-Reimbursable Programs	12,089
Salaries and Benefits	50,110
Management Fee	22,925
Miscellaneous	38,266
Depreciation	<u>42,925</u>
 Total Operating Expenses	 <u>166,315</u>
 Operating Income (Loss)	 (152,355)
 Net Position, Beginning of Year	 842,414
 Prior Period Adjustment (Capital Assets)	 <u>2,781</u>
 Net Position, End of Year	 <u><u>\$ 692,840</u></u>

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

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 8,053
Cash Payments to Employees for Salaries and Benefits	(50,110)
Cash Payments to Suppliers for Goods and Services	<u>(61,764)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(103,821)</u>
Net Change in Cash	(103,821)
Cash, Beginning of Year	<u>449,825</u>
Cash, End of Year	<u><u>\$ 346,004</u></u>

RECONCILIATION OF NET CASH PROVIDED BY (USED FOR)

OPERATING ACTIVITIES	
Operating Income (Loss)	\$ <u>(152,355)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided for Operating Activities	
Depreciation	42,925
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	4,542
Increase/(Decrease) in Unearned Revenue	(5,907)
Increase/(Decrease) in Accounts Payable	<u>6,974</u>
Total Adjustments	<u>48,534</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (103,821)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Watchung Hills Regional High School District (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials from Warren Township, Long Hill Township and the Borough of Watchung and one appointed representative from the Green Brook Board of Education. The Board is responsible for the fiscal control of the District. A Superintendent of Schools is appointed by the Board and is responsible for the administrative control of the District. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a High School District for grades nine (9) through grade twelve (12).

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

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

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

B. New Accounting Standards

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

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

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

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for administrators, teachers and special events.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

Food Service Fund inventories are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	15-20
Buildings and Building Improvements	20-40
Machinery and Equipment	5-20
Vehicles	8

5. Deferred Outflows/Inflows of Resources

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Deferred Outflows/Inflows of Resources (Continued)*

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

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. There are no employees in the Food Service Enterprise Fund that are permitted to accrue unused vacation and sick leave. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. *Pensions*

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

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

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Differences resulting from debt refundings are classified as deferred inflows of resources or as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Differences resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3B).

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 3C).

Tuition Reserve – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments for the 2020/2021 contract year and is required to be liquidated in the second year following the contract year with any remaining balance related to that contract year to be reserved and budgeted for property tax relief in the 2022/2023 original budget certified for taxes.

Tuition Reserve – Designated for Subsequent Year's Budget – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments for the 2019/2020 contract year that is appropriated in the 2021/2022 original budget certified for taxes.

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

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

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

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Unemployment Compensation Reserve – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District’s election for payment in lieu of contributions. (See Note 5A).

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

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

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

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

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

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

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

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

10. *Fund Balance Policies*

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

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Fund Balance Policies (Continued)

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

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

4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds Payable	\$ 23,731,000
Original Issuance Premium	158,130
Deferred Charge on Refunding of Debt	(202,866)
Capital Leases Payable	122,154
Compensated Absences	641,143
Net Pension Liability	7,599,517
Deferred Amounts on Net Pension Liability	
Deferred Outflows	(1,090,304)
Deferred Inflows	<u>3,637,706</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ 34,596,480</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Districts that have their school board members elected in November do not have to submit their budgets that meet levy cap requirements for voter approval. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2020/2021. Also, during 2020/2021 the Board increased the original General Fund budget by \$913,207 and Special Revenue Fund budget by \$839,657. The increases were funded by the additional appropriation of capital reserve, grant awards, student activity revenue, scholarship donations and the reappropriation of prior year general fund encumbrances.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Capital Reserve

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

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

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

Balance, July 1, 2020		\$ 5,462,757
Increased by		
Interest Earnings	\$ 250	
Budgeted Increase	701,208	
Deposits Approved by Board Resolution	<u>2,825,090</u>	
		<u>3,526,548</u>
		8,989,305
Decreased by		
Budgeted Withdrawals		
Capital Outlay	430,000	
Debt Service	<u>2,276,000</u>	
		<u>2,706,000</u>
Balance, June 30, 2021		<u>\$ 6,283,305</u>

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

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

Balance, July 1, 2020	\$ 1,049,735
Increased by	
Interest Earned	<u>50</u>
Balance, June 30, 2021	<u>\$ 1,049,785</u>

The June 30, 2021 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$2,281,794.

D. Transfers to Capital Outlay

During the 2020/2021 school year, the district transferred \$430,000 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project previously approved by the voters.

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 4% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2021 is \$742,203. This amount was designated and appropriated in the 2021/2022 original budget certified for taxes.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2021, the book value of the Board's deposits were \$11,438,725 and bank and brokerage firm balances of the Board's deposits amounted to \$12,815,828. The Board's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account

Insured	\$ <u>12,815,828</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2021 none of the Board's bank balances were exposed to custodial credit risk.

Investments

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

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

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2021 for the district's individual major funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Intergovernmental			
Federal		\$ 296,057	\$ 296,057
State	\$ 256,408	2,973	259,381
Other	41,982	15,169	57,151
	<u>298,390</u>	<u>314,199</u>	<u>612,589</u>
Gross Receivables			
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 298,390</u>	<u>\$ 314,199</u>	<u>\$ 612,589</u>

C. Unearned Revenue

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

General Fund	
Funds Received for Use in Subsequent Years	\$ 25,000
Special Revenue Fund	
Grant Draw Downs Reserved for Encumbrances	720
Unencumbered Grant Draw Downs	<u>14,795</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 40,515</u>

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, July 1, 2020	Increases	Decreases	Transfers/ Adjustments	Balance, June 30, 2021
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 105,616				\$ 105,616
Construction in Progress	1,590,220	\$ 3,622,533	-	\$ (4,777,582)	435,171
Total Capital Assets, Not Being Depreciated	<u>1,695,836</u>	<u>3,622,533</u>	<u>-</u>	<u>(4,777,582)</u>	<u>540,787</u>
Capital Assets, Being Depreciated:					
Improvements Other Than Buildings	6,765,977	32,067		1,107,313	7,905,357
Buildings	72,063,570			3,670,269	75,733,839
Machinery and Equipment	5,816,639	551,546	\$ (121,040)	-	6,247,145
Total Capital Assets Being Depreciated	<u>84,646,186</u>	<u>583,613</u>	<u>(121,040)</u>	<u>4,777,582</u>	<u>89,886,341</u>
Less Accumulated Depreciation for:					
Improvements Other Than Buildings	(2,953,456)	(312,810)			(3,266,266)
Buildings	(32,129,085)	(2,402,082)			(34,531,167)
Machinery and Equipment	(3,784,240)	(392,044)	117,419	-	(4,058,865)
Total Accumulated Depreciation	<u>(38,866,781)</u>	<u>(3,106,936)</u>	<u>117,419</u>	<u>-</u>	<u>(41,856,298)</u>
Total Capital Assets, Being Depreciated, Net	<u>45,779,405</u>	<u>(2,523,323)</u>	<u>(3,621)</u>	<u>4,777,582</u>	<u>48,030,043</u>
Governmental Activities Capital Assets, Net	<u>\$ 47,475,241</u>	<u>\$ 1,099,210</u>	<u>\$ (3,621)</u>	<u>\$ -</u>	<u>\$ 48,570,830</u>
	Balance, July 1, 2020	Prior Period Adjustments	Increases	Balance, June 30, 2021	
Business-Type Activities:					
Capital Assets, Being Depreciated:					
Machinery and Equipment	\$ 843,489	\$ (3,735)	-	\$ 839,754	
Total Capital Assets Being Depreciated	<u>843,489</u>	<u>(3,735)</u>	<u>-</u>	<u>839,754</u>	
Less Accumulated Depreciation for:					
Machinery and Equipment	(397,499)	6,516	\$ (42,925)	(433,908)	
Total Accumulated Depreciation	<u>(397,499)</u>	<u>6,516</u>	<u>(42,925)</u>	<u>(433,908)</u>	
Total Capital Assets, Being Depreciated, Net	<u>445,990</u>	<u>2,781</u>	<u>(42,925)</u>	<u>405,846</u>	
Business-Type Activities Capital Assets, Net	<u>\$ 445,990</u>	<u>\$ 2,781</u>	<u>\$ (42,925)</u>	<u>\$ 405,846</u>	

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 1,335,983
Special	<u>186,416</u>

Total Instruction	<u>1,522,399</u>
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Support Services

Student and Instruction Related Services	528,179
General Administration	279,624
School Administration	124,277
Operations and Maintenance of Plant	<u>652,457</u>

Total Support Services	<u>1,584,537</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 3,106,936</u>
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Business-Type Activities:

Machinery and Equipment	<u>\$ 42,925</u>
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Total Depreciation Expense-Business-Type Activities	<u>\$ 42,925</u>
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Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2021:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
South Cafeteria HVAC	<u>\$ 80,285</u>	<u>\$ 554,710</u>

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 220,732
General Fund	Capital Projects Fund	<u>27,716</u>
		<u>\$ 248,448</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

Interfund Transfers

	<u>Transfer In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	
Transfer Out				
General Fund		\$ 35,000	\$ 2,276,000	\$ 2,311,000
Capital Projects Fund	\$ 6,171	-	259,314	<u>265,485</u>
	<u>\$ 6,171</u>	<u>\$ 35,000</u>	<u>\$ 2,535,314</u>	<u>\$ 2,576,485</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

F. Leases

Capital Leases

The District has entered into lease purchase agreements for the acquisition and installation of various equipment.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases (Continued)

The maturity schedule of the remaining lease payments for principal and interest is as follows:

Governmental Activities:

Fiscal Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 122,154	\$ 1,682	\$ 123,836
	<u>\$ 122,154</u>	<u>\$ 1,682</u>	<u>\$ 123,836</u>

G. Long-Term Debt

General Obligation Bonds

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

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

\$9,365,000, 2012 Refunding Bonds, due in annual installments of \$2,210,000 to \$2,445,000 through January 15, 2028 interest at 3.0% to 5.0%	\$9,305,000
\$12,553,000, 2013 Bonds, due in annual installments of \$835,000 to \$1,023,000 through January 15, 2029 interest at 3.00% to 3.50%	7,408,000
\$1,970,000, 2016 Refunding Bonds, due in annual installments of \$190,000 to \$210,000 through January 15, 2027 interest at 1.75%	1,215,000
\$5,803,000, 2021 Refunding Bonds, due in annual installments of \$1,921,000 to \$1,948,000 through January 15, 2028 interest at .430%	<u>5,803,000</u>
Total	<u>\$23,731,000</u>

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

<u>Fiscal Year</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 2,946,000	\$ 553,454	\$ 3,499,454
2023	2,989,000	523,473	3,512,473
2024	3,038,000	485,944	3,523,944
2025	3,325,000	447,430	3,772,430
2026	3,430,000	350,243	3,780,243
2027-2029	8,003,000	429,752	8,432,752
	<u>\$ 23,731,000</u>	<u>\$ 2,790,296</u>	<u>\$ 26,521,296</u>

Statutory Borrowing Power

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

3% of Equalized Valuation Basis (Municipal)	\$ 244,177,794
Less: Net Debt Issued	<u>23,731,000</u>
Remaining Borrowing Power	<u>\$ 220,446,794</u>

Current Refundings of Debt

On April 21, 2021 the District issued \$5,803,000 in School District Refunding Bonds bearing an interest rate of .430%. These Bonds were issued in order to currently refund certain principal maturities of various school district bonds. The total principal currently refunded was \$5,640,000. This current refunding was undertaken to reduce total debt service payments over the next three years by \$367,632 and resulted in an economic gain of \$365,482.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 26,268,000	\$ 5,803,000	\$ 8,340,000	\$ 23,731,000	\$ 2,946,000
Add: Original Issue Premium	<u>445,051</u>	<u>-</u>	<u>286,921</u>	<u>158,130</u>	<u>-</u>
Total Bonds Payable	26,713,051	5,803,000	8,626,921	23,889,130	2,946,000
Capital Note	3,857,000		3,857,000		
Obligations Under Lease Purchase	375,207		253,053	122,154	122,154
Compensated Absences	636,094	73,501	68,452	641,143	54,500
Net Pension Liability	<u>8,234,254</u>	<u>-</u>	<u>634,737</u>	<u>7,599,517</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 39,815,606</u>	<u>\$ 5,876,501</u>	<u>\$ 13,440,163</u>	<u>\$ 32,251,944</u>	<u>\$ 3,122,654</u>

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

NOTE 5 OTHER INFORMATION

A. Risk Management

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

The District is a member of the School Alliance Insurance Fund (the "Fund"). The Fund is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021		\$ 31,065	\$ 34,456	\$ 265,180
2019-2020		31,078	64,287	268,571
2018-2019		30,188	22,738	301,780

B. Contingent Liabilities

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

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

C. Federal Arbitrage Regulations

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

The following represents the membership tiers for PERS:

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

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

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

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

The following represent the membership tiers for TPAF:

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

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

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

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

Other Pension Funds

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

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

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

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

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

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

Actuarial Methods and Assumptions

In the July 1, 2019 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

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

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

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

Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2021	\$ 509,799	\$ 4,547,932	\$ 7,937
2020	444,518	3,496,879	11,071
2019	483,136	3,172,002	10,759

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$0, \$2,245 and \$3,137, respectively for PERS and the State contributed \$1,529, \$1,891 and \$2,258, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,226,111 during the fiscal year ended June 30, 2021 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2020 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2020.

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$7,599,517 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2020. At June 30, 2020, the District's proportionate share was .04660 percent, which was an increase of .0009 percent from its proportionate share measured as of June 30, 2019 of .04570 percent.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$301,263 for PERS. The pension contribution made by the District during the current 2020/2021 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 138,375	\$ 26,875
Changes of Assumptions	246,537	3,181,990
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	259,758	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>445,634</u>	<u>428,841</u>
Total	<u>\$ 1,090,304</u>	<u>\$ 3,637,706</u>

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

<u>Year Ending June 30,</u>	<u>Total</u>
2022	\$ (918,672)
2023	(876,504)
2024	(522,376)
2025	(191,542)
2026	(38,308)
Thereafter	<u>-</u>
	<u>\$ (2,547,402)</u>

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

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

Discount Rate

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

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

There was no crossover period for the PERS defined benefit plan. Therefore the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability

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

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 9,566,524</u>	<u>\$ 7,599,517</u>	<u>\$ 5,930,458</u>

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

Pension Plan Fiduciary Net Position

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2019 through June 30, 2020. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2020, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$6,413,263 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the net pension liability attributable to the District is \$103,133,231. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the District was .15662 percent, which was a decrease of .00135 percent from its proportionate share measured as of June 30, 2019 of .15797 percent.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

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

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

Fiscal Year	Measurement Date	Discount Rate
2021	June 30, 2020	5.40%
2020	June 30, 2019	5.60%

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

Period of Projected Benefit

Payments for which the Following Rates were Applied:

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

* The municipal bond return rate used is 2.21% as of the measurement date of June 30, 2020. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

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

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 121,142,058</u>	<u>\$ 103,133,231</u>	<u>\$ 88,179,923</u>

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

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

Plan Description and Benefits Provided

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

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

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Plan Membership

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

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>149,304</u>
Total	<u>366,108</u>

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

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

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

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

Post-Retirement Medical Benefits Contributions

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

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2021, 2020 and 2019 were \$1,425,251, \$1,297,278 and \$1,438,815, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

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

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

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$4,284,690. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the OPEB liability attributable to the District is \$83,700,740. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the District was .12343 percent, which was an increase of .00051 percent from its proportionate share measured as of June 30, 2019 of .12292 percent.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.45%
Rate Thereafter	1.55% to 4.45%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020.

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

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

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

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

Discount Rate

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

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

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

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

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>51,293,356</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,203,620
Interest on the Total OPEB Liability	1,847,879
Differences Between Expected and Actual Experience	14,479,631
Changes of Assumptions	15,289,249
Gross Benefit Payments	(1,457,161)
Contributions from the Member	44,166
Net Changes	<u>32,407,384</u>
Balance, June 30, 2020 Measurement Date	\$ <u><u>83,700,740</u></u>

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

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 100,905,562</u>	<u>\$ 83,700,740</u>	<u>\$ 70,248,226</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	<u>\$ 67,566,060</u>	<u>\$ 83,700,740</u>	<u>\$ 102,913,558</u>

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

F. Subsequent Events

Energy Savings Improvement Project (ESIP) Lease Purchase

On July 15, 2021 the District entered into a lease purchase agreement to finance expenses relating to its Energy Savings Improvement Project. The lease purchase is \$6,700,000 with an interest rate of 1.6274%, and a term of fifteen years. The first payment is due on July 15, 2022.

Refunding Bonds

On October 21, 2021 the Board issued Refunding School Bonds in the amount of \$9,521,000 for the purpose of refunding the Board's Refunding School Bonds, Series 2012. The Board awarded the sale of the bonds to TD Bank, N.A., Philadelphia, Pennsylvania at an interest rate of 1.06%. The Refunding School Bonds will mature January, 2028.

NOTE 6 RESTATEMENT

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

Governmental Activities

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll related activities which were previously reported as fiduciary activities to governmental activities. The effect of this restatement is to increase net position of governmental activities by \$590,138 from \$17,927,399 as previously reported to \$18,517,537 as of June 30, 2020.

Governmental Funds

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll activities previously reported as fiduciary funds to government funds. The effect of this restatement is to increase fund balances of governmental funds by \$590,138 from \$12,500,110 as previously reported to \$13,090,248 as of June 30, 2020. General Fund fund balance increased \$268,571 from \$8,983,142 as previously reported to \$9,251,713 as of June 30, 2020. Special Revenue Fund fund balance increased \$321,567 from \$-0- as previously reported to \$321,567 as of June 30, 2020.

Fiduciary Funds

The financial statements of the fiduciary funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities to governmental funds as noted above. The effect of this restatement is to decrease total fiduciary net position by \$324,336 from \$324,336 as previously reported to \$-0- as of June 30, 2020. In additions, the balance previously reported as due to student groups at June 30, 2020 of \$265,802 was reclassified to net position at June 30, 2020.

The financial statements have also been adjusted to revise certain capital asset balances from the amounts previously reported. The business-type activities financial statements have been restated to report an increase of \$2,781 in capital assets.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original</u> <u>Budget</u>	<u>Adjustments</u>	<u>Modified</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final Budget to</u> <u>Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 32,061,861		\$ 32,061,861	\$ 32,061,861	
Tuition	8,167,782		8,167,782	8,539,618	\$ 371,836
Interest			-	25,049	25,049
Interest on Capital Reserve	250		250	250	-
Interest on Maintenance Reserve	50		50	50	-
Rents and Royalties	121,300		121,300	6,018	(115,282)
Miscellaneous	145,000		145,000	214,842	69,842
State Sources					
Special Education Aid	1,111,086	\$ (151,047)	960,039	960,039	
Security Aid	83,096		83,096	83,096	
Transportation Aid	616,602		616,602	616,602	-
Non-Public Transportation			-	68,961	68,961
Extraordinary Aid	200,000		200,000	1,083,608	883,608
School Security Grant (Alyssa's Law)		127,301	127,301	127,301	-
On-Behalf TPAF (Non-Budget)					
Pension Contribution				4,463,017	4,463,017
NCGI Premium				84,915	84,915
Long Term Disability Insurance				1,529	1,529
Post Retirement - Medical				1,425,251	1,425,251
Social Security	-	-	-	1,226,111	1,226,111
Total Revenues	<u>42,507,027</u>	<u>(23,746)</u>	<u>42,483,281</u>	<u>50,988,118</u>	<u>8,504,837</u>
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	11,592,814	37,701	11,630,515	11,580,452	50,063
Home Instruction					
Salaries of Teachers	5,000	-	5,000		5,000
Purchased Prof.-Ed. Services	37,000	-	37,000	8,506	28,494
Regular Programs - Undistributed Instruction					
Purchased Prof.-Ed. Services	12,500	-	12,500	11,775	725
Other Purchased Services	696,816	8,008	704,824	605,950	98,874
General Supplies	862,666	(12,019)	850,647	578,307	272,340
Textbooks	46,350	21,978	68,328	45,256	23,072
Other Objects	8,150	40	8,190	3,604	4,586
Total Regular Programs - Instruction	<u>13,261,296</u>	<u>55,708</u>	<u>13,317,004</u>	<u>12,833,850</u>	<u>483,154</u>
Learning and/or Language Disabilities					
Salaries of Teachers	384,721	7,995	392,716	392,714	2
Other Salaries for Instruction	296,635	(133,182)	163,453	163,048	405
Other Purchased Services	2,200	-	2,200		2,200
General Supplies	13,870	-	13,870	4,682	9,188
Textbooks	700	-	700		700
Other Objects	1,000	-	1,000	-	1,000
Total Learning and/or Language Disabilities	<u>699,126</u>	<u>(125,187)</u>	<u>573,939</u>	<u>560,444</u>	<u>13,495</u>
Resource Room/Resource Center					
Salaries of Teachers	1,714,223	(7,995)	1,706,228	1,699,856	6,372
Other Salaries for Instruction	183,755	111,738	295,493	266,039	29,454
Other Purchased Services	500	-	500		500
General Supplies	21,640	150	21,790	11,845	9,945
Textbooks	2,000	-	2,000	-	2,000
Total Resource Room/Resource Center	<u>1,922,118</u>	<u>103,893</u>	<u>2,026,011</u>	<u>1,977,740</u>	<u>48,271</u>

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXPENDITURES	Original Budget	Adjustments	Modified Budget	Actual	Variance Final Budget to Actual
CURRENT (Continued)					
Total Special Education - Instruction	\$ 2,621,244	\$ (21,294)	\$ 2,599,950	\$ 2,538,184	\$ 61,766
Bilingual Education - Instruction					
Salaries of Teachers	27,602	13,801	41,403	41,403	-
Other Purchased Services	5,500	-	5,500	-	5,500
Other Objects	600	-	600	-	600
Total Bilingual Education - Instruction	33,702	13,801	47,503	41,403	6,100
School Spon. Co/Extra Curr. Activities - Instruction					
Salaries	259,612	(30,000)	229,612	145,100	84,512
Purchased Services	3,300	32,000	35,300	33,677	1,623
Supplies and Materials	37,300	4,517	41,817	13,692	28,125
Other Objects	1,815	-	1,815	150	1,665
Transfers to Cover Deficit	18,000	-	18,000	2,000	16,000
Total School Spon. Co/Extra Curr. Activities - Instruction	320,027	6,517	326,544	194,619	131,925
School Sponsored Athletics - Instruction					
Salaries	819,487	10,000	829,487	780,428	49,059
Purchased Services	247,110	5,080	252,190	83,099	169,091
Supplies and Materials	216,813	26,467	243,280	143,332	99,948
Other Objects	10,200	37	10,237	6,179	4,058
Total School Sponsored Athletics-Instruction	1,293,610	41,584	1,335,194	1,013,038	322,156
Total - Instruction	17,529,879	96,316	17,626,195	16,621,094	1,005,101
Undistributed Expenditures					
Instruction (Tuition)					
Tuition to Other LEAs Within the State - Special	540,065	72,200	612,265	588,341	23,924
Tuition to County Voc. School Dist. - Regular	46,300	(5,300)	41,000	39,833	1,167
Tuition to County Voc. School Dist. - Special	37,850	(100)	37,750	35,150	2,600
Tuition to Private Schools for the Disabled W/I State	1,700,550	30,000	1,730,550	1,705,029	25,521
Tuition - Other	20,000	(2,200)	17,800	12,856	4,944
Total Undistributed Expenditures - Instruction (Tuition)	2,344,765	94,600	2,439,365	2,381,209	58,156
Undist. Expend.-Attendance and Social Work					
Salaries	76,442	-	76,442	73,521	2,921
Total Undist. Expend.-Attendance and Social Work	76,442	-	76,442	73,521	2,921
Undist. Expend.-Health Services					
Salaries of Teachers	277,670	-	277,670	275,220	2,450
Purchased Professional and Technical Services	134,900	100	135,000	131,494	3,506
Other Purchased Services	500	-	500	-	500
Supplies and Materials	22,856	-	22,856	21,692	1,164
Other Objects	260	(100)	160	85	75
Total Undist. Expend.-Health Services	436,186	-	436,186	428,491	7,695
Undistributed Expenditures - Speech, OT, PT and Related Services					
Purchased Professional-Educational Services	143,000	(8,000)	135,000	106,299	28,701
Total Undistributed Expenditures - Speech, OT, PT and Related Services	143,000	(8,000)	135,000	106,299	28,701

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undist. Expenditures-Other Support Services - Extra. Services					
Salaries	\$ 407,338	\$ (25,511)	\$ 381,827	\$ 379,258	\$ 2,569
Purchased Professional - Educational Services	366,240	(4,600)	361,640	317,175	44,465
Supplies and Materials	3,280	-	3,280	3,232	48
	<u>776,858</u>	<u>(30,111)</u>	<u>746,747</u>	<u>699,665</u>	<u>47,082</u>
Total Undist. Exp.-Other Support Services - Extra. Services					
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	922,725	5,000	927,725	927,259	466
Salaries of Secretarial and Clerical Assistants	129,750	-	129,750	129,750	-
Other Salaries	150,305	-	150,305	150,305	-
Other Purchased Services	1,550	-	1,550	-	1,550
Supplies and Materials	38,881	(10)	38,871	33,227	5,644
Other Objects	8,500	10	8,510	8,507	3
	<u>1,251,711</u>	<u>5,000</u>	<u>1,256,711</u>	<u>1,249,048</u>	<u>7,663</u>
Total Undist. Expenditures - Guidance					
Undist. Expenditures - Child Study Teams					
Salaries of Other Professional Staff	802,045	(49,000)	753,045	743,461	9,584
Salaries of Secretarial and Clerical Assistants	129,850	-	129,850	128,051	1,799
Purchased Professional - Educational Services	17,500	-	17,500	1,827	15,673
Other Purchased Services	27,600	(3,000)	24,600	18,379	6,221
Supplies and Materials	13,160	-	13,160	8,047	5,113
Other Objects	1,500	-	1,500	-	1,500
	<u>991,655</u>	<u>(52,000)</u>	<u>939,655</u>	<u>899,765</u>	<u>39,890</u>
Total Undist. Expenditures - Child Study Teams					
Undist. Expenditures - Improvement of Instruction Services					
Salaries of Supervisors of Instruction	604,207	4,954	609,161	609,113	48
Salaries of Other Professional Staff	13,500	-	13,500	8,400	5,100
Salaries of Secretarial and Clerical Assistants	51,489	-	51,489	51,489	-
Supplies and Materials	1,500	-	1,500	-	1,500
	<u>670,696</u>	<u>4,954</u>	<u>675,650</u>	<u>669,002</u>	<u>6,648</u>
Total Undist. Expend - Improvement of Instruction Services					
Undist. Expend.-Educational Media Services/Library					
Salaries	307,943	(2,301)	305,642	303,268	2,374
Other Purchased Services	57,000	(9,628)	47,372	20,149	27,223
Supplies and Materials	17,410	(1,500)	15,910	2,845	13,065
	<u>382,353</u>	<u>(13,429)</u>	<u>368,924</u>	<u>326,262</u>	<u>42,662</u>
Total Undist. Expend.-Educational Media Services/Library					
Undist. Expend.-Instructional Staff Training Services					
Salaries of Other Professional Staff	57,302	8,600	65,902	65,513	389
Salaries of Secretarial and Clerical Assist.	27,340	1	27,341	27,340	1
Other Salaries	10,000	-	10,000	493	9,507
Purchased Professional/Educational Svcs.	32,400	2,000	34,400	15,900	18,500
Other Purchased Services	24,500	40	24,540	14,482	10,058
Supplies and Materials	15,000	(1,000)	14,000	-	14,000
Other Objects	4,000	(1,000)	3,000	1,195	1,805
	<u>170,542</u>	<u>8,641</u>	<u>179,183</u>	<u>124,923</u>	<u>54,260</u>
Total Undist. Expend.-Instructional Staff Training Svcs.					

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES	Original Budget	Adjustments	Modified Budget	Actual	Variance Final Budget to Actual
CURRENT (Continued)					
Undist. Expend.-Support Services-General Administration					
Salaries	\$ 320,221	\$ 10,300	\$ 330,521	\$ 306,492	\$ 24,029
Legal Services	70,000	26,200	96,200	96,008	192
Audit Fees	32,500	1,000	33,500	33,497	3
Other Purchased Professional Services	31,600	(5,400)	26,200	14,307	11,893
Purchased Technical Services	11,500	6,073	17,573	5,542	12,031
Miscellaneous Purchased Services	276,814	37,500	314,314	312,280	2,034
Communications/Telephone	31,800	6,000	37,800	32,634	5,166
BOE Other Purchased Services	3,100	(1,000)	2,100	1,095	1,005
General Supplies	5,000	-	5,000	2,348	2,652
BOE In House Training/Meeting Supplies	5,280	-	5,280	-	5,280
Miscellaneous Expenditures	11,200	-	11,200	4,081	7,119
BOE Membership Dues and Fees	26,800	-	26,800	15,608	11,192
Total Undist. Expend.-Support Services-General Administration	825,815	80,673	906,488	823,892	82,596
Undist. Expend.-Support Services-School Administration					
Salaries of Principals/Asst. Principals/Program Directors	599,582	3,856	603,438	603,433	5
Salaries of Other Professional Staff	694,156	9,740	703,896	703,849	47
Salaries of Secretarial and Clerical Assistants	178,629	-	178,629	171,926	6,703
Other Purchased Services	1,485	-	1,485	-	1,485
Supplies and Materials	35,064	(1,650)	33,414	28,899	4,515
Other Objects	26,500	(1,000)	25,500	16,954	8,546
Total Undist. Expend.- Support Services School Administration	1,535,416	10,946	1,546,362	1,525,061	21,301
Undist. Expend.-Central Services					
Salaries	651,532	33,500	685,032	659,902	25,130
Purchased Technical Services	1,700	-	1,700	700	1,000
Misc. Purchased Services	15,182	(1,000)	14,182	4,844	9,338
Supplies and Materials	8,066	(654)	7,412	4,762	2,650
Interest on Current Loans	57,695	-	57,695	57,694	1
Miscellaneous Expenditures	7,130	1,650	8,780	8,262	518
Total Undist. Expend.-Central Services	741,305	33,496	774,801	736,164	38,637
Undist. Expend.-Administration Information Technology					
Salaries	211,073	-	211,073	203,248	7,825
Purchased Technical Services	29,000	1,700	30,700	30,601	99
Other Purchased Services	55,750	(3,328)	52,422	50,010	2,412
Supplies and Materials	-	3,200	3,200	3,146	54
Other Objects	500	-	500	-	500
Total Undist. Expend.-Administration Information Technology	296,323	1,572	297,895	287,005	10,890
Undist. Expend. - Required Maint. For School Facilities					
Salaries	898,197	7,100	905,297	864,030	41,267
Cleaning, Repair, and Maintenance	713,150	(23,693)	689,457	431,261	258,196
General Supplies	115,628	24,200	139,828	121,250	18,578
Other Objects	3,000	-	3,000	1,406	1,594
Total Undist. Expend - Required Maint. For School Facilities	1,729,975	7,607	1,737,582	1,417,947	319,635

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undist. Expend. - Custodial Services					
Cleaning, Repair, and Maintenance Services	\$ 894,821	\$ 10,100	\$ 904,921	\$ 874,862	\$ 30,059
Other Purchased Property Services	76,000	-	76,000	63,732	12,268
Insurance	7,855	-	7,855	7,855	-
Miscellaneous Purchased Services	41,441	-	41,441	39,011	2,430
General Supplies	5,500	107,500	113,000	55,860	57,140
Energy(Natural Gas)	179,810	22,000	201,810	194,105	7,705
Energy(Electricity)	566,900	-	566,900	486,271	80,629
Total Undist. Expend. - Custodial Services	<u>1,772,327</u>	<u>139,600</u>	<u>1,911,927</u>	<u>1,721,696</u>	<u>190,231</u>
Undist. Expend.-Care and Upkeep of Grounds					
Salaries	261,305	10	261,315	238,358	22,957
Purchased Prof. and Technical Services	24,000	(7,000)	17,000	6,731	10,269
Cleaning, Repair, and Maintenance Serv.	91,000	13,000	104,000	86,074	17,926
General Supplies	53,298	-	53,298	45,105	8,193
Total Undist. Expend.-Care and Upkeep of Grounds	<u>429,603</u>	<u>6,010</u>	<u>435,613</u>	<u>376,268</u>	<u>59,345</u>
Security					
Salaries	352,637	-	352,637	299,191	53,446
Purchased Prof. and Technical Services	142,221	-	142,221	136,726	5,495
Cleaning, Repair, and Maintenance Serv.	5,300	(1,200)	4,100	311	3,789
General Supplies	53,000	(3,472)	49,528	44,235	5,293
Other Objects	200	-	200	-	200
Total Security	<u>553,358</u>	<u>(4,672)</u>	<u>548,686</u>	<u>480,463</u>	<u>68,223</u>
Undist. Expend.-Student Transportation Services					
Sal. For Pupil Trans (Bet Home and Sch)-Reg.	64,234	18,218	82,452	80,500	1,952
Sal. For Pupil Trans (Other Than Bet Home and Sch)	118,565	(24,000)	94,565	38,372	56,193
Other Purchased Prof. and Technical Svce.	7,481	-	7,481	7,342	139
Management Fee - ESC Transportation Program	36,000	-	36,000	21,791	14,209
Cleaning, Repair, and Maintenance Services	36,500	(10,000)	26,500	9,819	16,681
Contr. Serv. (Bet Home and Sch)-Vendors	910,635	-	910,635	809,065	101,570
Contr. Serv. (Other Than Bet Home and Sch)					
- Vendors	87,800	(3,475)	84,325	43,623	40,702
Contr. Serv. (Bet Home and Sch)-Joint Agreements	101,000	-	101,000	43,467	57,533
Contr. Serv. (Spec. Ed.)-Joint Agreements	1,009,000	(322,799)	686,201	536,399	149,802
Contr. Serv. - Aid in Lieu Payments	235,000	85,200	320,200	133,142	187,058
Miscellaneous Purchased Services - Transportation	40,132	-	40,132	40,132	-
General Supplies	15,000	(5,000)	10,000	2,933	7,067
Other Objects	4,600	3,000	7,600	5,918	1,682
Total Undist. Expend.-Student Transportation Services	<u>2,665,947</u>	<u>(258,856)</u>	<u>2,407,091</u>	<u>1,772,503</u>	<u>634,588</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	457,578	659	458,237	437,156	21,081
Other Retirement Contributions-PERS	489,500	20,299	509,799	509,799	-
Other Retirement Contributions- Regular	14,237	-	14,237	7,937	6,300
Unemployment Compensation	1,000	-	1,000	639	361
Unemployment Compensation (Non-Budget)				3,391	(3,391)
Workmen's Compensation	246,203	(36,600)	209,603	209,528	75
Health Benefits	4,756,525	(7,000)	4,749,525	4,572,745	176,780
Tuition Reimbursement	108,250	-	108,250	57,618	50,632
Other Employee Benefits	8,000	-	8,000	4,993	3,007
Unused Sick Payments to Terminated/Retired Staff	54,500	13,952	68,452	68,452	-
Total Unallocated Benefits - Employee Benefits	<u>6,135,793</u>	<u>(8,690)</u>	<u>6,127,103</u>	<u>5,872,258</u>	<u>254,845</u>

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
On-Behalf - TPAF (Non-Budget)					
Pension Contribution				\$ 4,463,017	\$ (4,463,017)
NCGI Premium				84,915	(84,915)
Long Term Disability Insurance				1,529	(1,529)
Post Retirement-Medical				1,425,251	(1,425,251)
Social Security Contributions	-	-	-	1,226,111	(1,226,111)
Total On-Behalf	-	-	-	7,200,823	(7,200,823)
Total Undistributed Expenditures	\$ 23,930,070	\$ 17,341	\$ 23,947,411	29,172,265	(5,224,854)
Interest Earned on Maintenance Reserve	50	-	50	-	50
Total General Current Expense	41,459,999	113,657	41,573,656	45,793,359	(4,219,703)
CAPITAL OUTLAY					
Equipment					
Instruction					
Grades 9-12	155,000	(20,000)	135,000	92,830	42,170
Resource Room		2,400	2,400	2,400	-
School-Sponsored and Other Instructional Programs	26,200	-	26,200	23,015	3,185
Undistributed					
Support Serv. - Students - Regular	15,600	-	15,600	12,481	3,119
School Administration	18,800	757	19,557	19,557	-
Admin. Info. Tech.	150,000	(757)	149,243	130,143	19,100
Required Maintenance for School Facilities	66,000	31,110	97,110	65,417	31,693
Custodial Services		50,000	50,000	26,950	23,050
Care and Upkeep of Grounds	80,000	(3,510)	76,490	76,473	17
Security	-	130,773	130,773	130,773	-
Total Equipment	511,600	190,773	702,373	580,039	122,334
Facilities Acquisition and Construction Svcs.					
Architectural/Engineering Services	45,000	90,143	135,143	122,840	12,303
Construction Services	430,000	518,634	948,634	314,710	633,924
Assessment for Debt Service on SDA Funding	121,752	-	121,752	121,752	-
Total Facilities Acquisition and Construction Svcs.	596,752	608,777	1,205,529	559,302	646,227
Interest in Capital Reserve	250	-	250	-	250
Deposit to Capital Reserve	701,208	-	701,208	-	701,208
Total Capital Outlay	1,809,810	799,550	2,609,360	1,139,341	1,470,019
SPECIAL SCHOOLS					
Summer School					
Instruction					
Salaries of Teachers	11,500	-	11,500	1,680	9,820
General Supplies	500	-	500	-	500
Total Special Schools	12,000	-	12,000	1,680	10,320
Transfer of Funds to Charter School	24,953	-	24,953	24,953	-
Total Expenditures	43,306,762	913,207	44,219,969	46,959,333	(2,739,364)

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (799,735)	\$ (936,953)	\$ (1,736,688)	\$ 4,028,785	\$ 5,765,473
Other Financing Sources (Uses)					
Transfers In - Transfer from Capital Project				6,171	6,171
Transfers Out - Transfer to Special Revenue Fund				(35,000)	(35,000)
Transfers Out - Capital Reserve - Transfer to Debt Service	<u>(2,276,000)</u>	<u>-</u>	<u>(2,276,000)</u>	<u>(2,276,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,276,000)</u>	<u>-</u>	<u>(2,276,000)</u>	<u>(2,304,829)</u>	<u>(28,829)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,075,735)	(936,953)	(4,012,688)	1,723,956	5,736,644
Fund Balances, Beginning of Year (Restated)	<u>9,997,733</u>	<u>-</u>	<u>9,997,733</u>	<u>9,997,733</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 6,921,998</u>	<u>\$ (936,953)</u>	<u>\$ 5,985,045</u>	<u>\$ 11,721,689</u>	<u>\$ 5,736,644</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 6,283,305	
Maintenance Reserve				1,049,785	
Tuition Reserve				100,000	
Tuition Reserve - Designated for Subsequent Year's Budget				100,000	
Excess Surplus - Designated for Subsequent Year's Budget				742,203	
Unemployment Compensation				265,180	
Committed Fund Balance:					
Encumbrances				644,267	
Assigned Fund Balance:					
Encumbrances				228,499	
Unassigned Fund Balance:					
Unreserved				<u>2,308,450</u>	
				11,721,689	
Less: State Aid Payments Not Recognized on GAAP				<u>(1,176,257)</u>	
Fund Balance, GAAP Basis (Exhibit B-2)				<u>\$ 10,545,432</u>	

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 289,573	\$ (24,032)	\$ 265,541	\$ 125,859	\$ (139,682)
Federal	442,329	434,696	877,025	789,736	(87,289)
Other	31,700	376,843	408,543	324,879	(83,664)
Total Revenues	<u>763,602</u>	<u>787,507</u>	<u>1,551,109</u>	<u>1,240,474</u>	<u>(310,635)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	61,657	(13,603)	48,054	35,081	12,973
Purchased Professional and Educ Services	395,741	90,138	485,879	464,907	20,972
Other Purchased Services		67,757	67,757	7,000	60,757
General Supplies	12,420	50,978	63,398	61,413	1,985
Textbooks	18,185	3,871	22,056	18,204	3,852
School Sponsored Co-Curricular - Students		210,772	210,772	210,772	-
School Sponsored Co-Curricular -Athletics	-	127,005	127,005	127,005	-
Total Instruction	<u>488,003</u>	<u>536,918</u>	<u>1,024,921</u>	<u>924,382</u>	<u>100,539</u>
Support Services					
Salaries	18,206	1,031	19,237	15,534	3,703
Personal Services - Employee Benefits	11,877	4,606	16,483	15,506	977
Purchased Professional and Tech Services	66,465	30,076	96,541	80,756	15,785
Other Purchased Services	51,750	63,075	114,825	108,481	6,344
Supplies and Materials	-	35,000	35,000	-	35,000
Scholarships	-	16,825	16,825	16,825	-
Total Support Services	<u>148,298</u>	<u>150,613</u>	<u>298,911</u>	<u>237,102</u>	<u>61,809</u>
Facilities Acquisition and Equipment					
Instructional Equipment	-	4,044	4,044	4,044	-
Non-Instructional Equipment	127,301		127,301		127,301
Building Improvements	-	148,082	148,082	144,252	3,830
Total Facilities Acquisition and Equipment	<u>127,301</u>	<u>152,126</u>	<u>279,427</u>	<u>148,296</u>	<u>131,131</u>
Total Expenditures	<u>763,602</u>	<u>839,657</u>	<u>1,603,259</u>	<u>1,309,780</u>	<u>293,479</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(52,150)	(52,150)	(69,306)	(17,156)
Other Financing Sources					
Transfers In				35,000	35,000
Fund Balance, Beginning of Year (Restated)	321,567	-	321,567	321,567	-
Fund Balance, End of Year	<u>\$ 321,567</u>	<u>\$ (52,150)</u>	<u>\$ 269,417</u>	<u>\$ 287,261</u>	<u>\$ 17,844</u>
Recapitulation of Restricted Fund Balance					
Student Activates				\$ 235,953	
Scholarships				<u>51,308</u>	
				<u>\$ 287,261</u>	

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Revenues (budgetary basis) (Exhibits C-1 and C-2)	\$ 50,988,118	\$ 1,240,474
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year Encumbrances		(7,320)
Prior Year Encumbrances		10,279
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements - Current Year	(1,176,257)	
State Aid payments recognized for GAAP statements, not recognized for budgetary basis - Prior Year	<u>746,020</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 50,557,881</u>	<u>\$ 1,243,433</u>
Uses/Outflows of Resources		
Actual Expenditures (budgetary basis) (Exhibit C-1 and C-2)	\$ 46,959,333	\$ 1,309,780
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes		
Current Year Encumbrances		(7,320)
Prior Year Encumbrances	<u>-</u>	<u>10,279</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 46,959,333</u>	<u>\$ 1,312,739</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND OTHER POST-EMPLOYMENT BENEFITS INFORMATION

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.04660%	0.04570%	0.04857%	0.04633%	0.04680%	0.04456%	0.04308%	0.04168%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,599,517	\$ 8,234,254	\$ 9,563,615	\$ 10,785,035	\$ 13,861,901	\$ 10,002,788	\$ 8,065,407	\$ 7,965,083
District's Covered-Employee Payroll	\$ 3,255,883	\$ 3,301,807	\$ 3,272,374	\$ 3,324,992	\$ 3,053,173	\$ 3,104,751	\$ 2,974,617	\$ 2,977,975
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	233.41%	249.39%	292.25%	324.36%	454.02%	322.18%	271.14%	267.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 Last Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 509,799	\$ 444,518	\$ 483,136	\$ 429,204	\$ 415,797	\$ 383,095	\$ 355,130	\$ 314,019
Contributions in Relation to the Contractually Required Contributions	<u>509,799</u>	<u>444,518</u>	<u>483,136</u>	<u>429,204</u>	<u>415,797</u>	<u>383,095</u>	<u>355,130</u>	<u>314,019</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	\$ 3,321,168	\$ 3,255,883	\$ 3,301,807	\$ 3,272,374	\$ 3,324,992	\$ 3,053,173	\$ 3,104,751	\$ 2,974,617
Contributions as a Percentage of Covered-Employee Payroll	15.35%	13.65%	14.63%	13.12%	12.51%	12.34%	11.94%	10.54%

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

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY

TEACHERS' PENSION AND ANNUITY FUND
 Last Eight Fiscal Years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of Net Pension Liability (Asset) Associated with the District	<u>\$ 103,133,231</u>	<u>\$ 96,950,100</u>	<u>\$ 103,511,349</u>	<u>\$ 107,130,017</u>	<u>\$ 127,864,123</u>	<u>\$ 102,351,486</u>	<u>\$ 83,009,491</u>	<u>\$ 80,663,187</u>
Total	<u>\$ 103,133,231</u>	<u>\$ 96,950,100</u>	<u>\$ 103,511,349</u>	<u>\$ 107,130,017</u>	<u>\$ 127,864,123</u>	<u>\$ 102,351,486</u>	<u>\$ 83,009,491</u>	<u>\$ 80,663,187</u>
District's Covered-Employee Payroll	\$ 16,794,447	\$ 16,796,517	\$ 16,875,999	\$ 16,808,037	\$ 16,344,743	\$ 16,417,962	\$ 16,160,027	\$ 15,820,277
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 5d.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY**

Postemployment Health Benefit Plan

Last Four Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 2,203,620	\$ 2,192,634	\$ 2,509,051	\$ 3,027,972
Interest on Total OPEB Liability	1,847,879	2,220,855	2,383,565	2,052,814
Differences Between Expected and Actual Experience	14,479,631	(8,307,519)	(5,863,967)	-
Changes of Assumptions	15,289,249	764,788	(6,420,597)	(8,559,275)
Gross Benefit Payments	(1,457,161)	(1,574,553)	(1,496,096)	(1,652,528)
Member Contributions	<u>44,166</u>	<u>46,674</u>	<u>51,707</u>	<u>60,850</u>
Net Change in Total OPEB Liability	32,407,384	(4,657,121)	(8,836,337)	(5,070,167)
Total OPEB Liability - Beginning of Year	<u>51,293,356</u>	<u>55,950,477</u>	<u>64,786,814</u>	<u>69,856,981</u>
Total OPEB Liability - End of Year	<u>\$ 83,700,740</u>	<u>\$ 51,293,356</u>	<u>\$ 55,950,477</u>	<u>\$ 64,786,814</u>
District's Proportionate Share of OPEB Liability	-	-	-	-
State's Proportionate Share of OPEB Liability	<u>\$ 51,293,356</u>	<u>\$ 51,293,356</u>	<u>\$ 55,950,477</u>	<u>\$ 64,786,814</u>
Total OPEB Liability - Ending	<u>\$ 51,293,356</u>	<u>\$ 51,293,356</u>	<u>\$ 55,950,477</u>	<u>\$ 64,786,814</u>
District's Covered-Employee Payroll	<u>\$ 20,050,330</u>	<u>\$ 20,098,324</u>	<u>\$ 20,148,373</u>	<u>\$ 20,133,029</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>

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

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

Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 5e.

SPECIAL REVENUE FUND

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Title I</u>	<u>Title IIA</u>	<u>Title IV</u>	<u>I.D.E.A. Part B Basic</u>	<u>CRRSA- ESSER II</u>	<u>CRRSA- Learning Acceleration</u>	<u>Coronavirus Relief Fund</u>	<u>CARES Emergency Relief</u>	<u>(Passed Thru County) Coronavirus Relief Fund</u>	<u>Student Activities</u>	<u>Scholarship</u>	<u>Page 2 Subtotal</u>	<u>Grand Totals</u>
REVENUES													
Intergovernmental													
State												\$ 125,859	\$ 125,859
Federal	\$ 49,115	\$ 44,929	\$ 20,100	\$ 420,648	\$ 144,252	6,313	40,080	16,363	35,000			12,936	789,736
Local	-	-	-	-	-	-	-	-	-	\$ 272,928	\$ 12,368	39,583	324,879
Total Revenues	49,115	44,929	20,100	420,648	144,252	6,313	40,080	16,363	35,000	272,928	12,368	178,378	1,240,474
EXPENDITURES													
Instruction													
Salaries of Teachers	35,081												35,081
Purchased Professional and Educ Services				390,388		6,313		4,253	35,000			28,953	464,907
Other Purchased Services												7,000	7,000
General Supplies							9,828	12,110				39,475	61,413
Textbooks												18,204	18,204
School Sponsored Student Activities										210,772			210,772
School Sponsored Athletics	-	-	-	-	-	-	-	-	-	127,005	-	-	127,005
Total Instruction	35,081	-	-	390,388	-	6,313	9,828	16,363	35,000	337,777	-	93,632	924,382
Support Services													
Salaries		15,534											15,534
Personal Services - Employee Benefits	14,034	1,472											15,506
Purchased Professional and Tech Services			20,100	30,260								30,396	80,756
Other Purchased Services		27,923					30,252					50,306	108,481
Supplies and Materials													-
Scholarships	-	-	-	-	-	-	-	-	-	-	16,825	-	16,825
Total Support Services	14,034	44,929	20,100	30,260	-	-	30,252	-	-	-	16,825	80,702	237,102
Facilities Acquisition and Equipment													
Instructional Equipment												4,044	4,044
Building Improvements	-	-	-	-	144,252	-	-	-	-	-	-	-	144,252
Total Facilities Acquisition and Equipment	-	-	-	-	144,252	-	-	-	-	-	-	4,044	148,296
Total Expenditures	49,115	44,929	20,100	420,648	144,252	6,313	40,080	16,363	35,000	337,777	16,825	178,378	1,309,780
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	(64,849)	(4,457)	-	(69,306)
Other Financing Sources													
Transfers In										35,000			35,000
Fund Balance, Beginning of Year (Restated)	-	-	-	-	-	-	-	-	-	265,802	55,765	-	321,567
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,953	\$ 51,308	\$ -	\$ 287,261

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Non-Public	Non-Public						Local	Page 2 Totals	
	Digital Divide	Textbooks	Nursing	Security	Comp Ed	Home Instruction	Exam and Class			Supplementary Instruction
REVENUES										
Intergovernmental										
State		\$ 18,204	\$ 30,396	\$ 50,306	\$ 697	\$ 2,973	\$ 22,474	\$ 809		\$ 125,859
Federal	\$ 12,936									12,936
Local	-	-	-	-	-	-	-	-	\$ 39,583	39,583
Total Revenues	12,936	18,204	30,396	50,306	697	2,973	22,474	809	39,583	178,378
EXPENDITURES										
Instruction										
Salaries of Teachers										
Purchased Professional and Educ Services					697	2,973	22,474	809	2,000	28,953
Other Purchased Services									7,000	7,000
General Supplies	12,936								26,539	39,475
Textbooks	-	18,204	-	-	-	-	-	-	-	18,204
Total Instruction	12,936	18,204	-	-	697	2,973	22,474	809	35,539	93,632
Support Services										
Salaries										-
Personal Services - Employee Benefits										-
Purchased Professional and Tech Services			30,396							30,396
Other Purchased Services				50,306						50,306
Supplies and Materials	-	-	-	-	-	-	-	-	-	-
Total Support Services	-	-	30,396	50,306	-	-	-	-	-	80,702
Facilities Acquisition and Equipment										
Instructional Equipment	-	-	-	-	-	-	-	-	4,044	4,044
Total Facilities Acquisition and Equipment	-	-	-	-	-	-	-	-	4,044	4,044
Total Expenditures	12,936	18,204	30,396	50,306	697	2,973	22,474	809	39,583	178,378
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-
Other Financing Sources										
Transfers In										
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 SCHEDULE OF EXPENDITURES - PRESCHOOL EDUCATION AID

NOT APPLICABLE

SCHEDULE OF STUDENT ACTIVITIES RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Balance, July 1, <u>2020</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2021</u>
Watchung Hills Regional High School Athletic Account	\$ 183,339 <u>82,463</u>	\$ 206,150 <u>101,778</u>	\$ 210,772 <u>127,005</u>	\$ 178,717 <u>57,236</u>
Total All Schools	<u>\$ 265,802</u>	<u>\$ 307,928</u>	<u>\$ 337,777</u>	<u>\$ 235,953</u>

CAPITAL PROJECTS FUND

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Project Title/Description</u>	<u>Appropriations</u>	<u>Supplemental Authorization</u>	<u>Expenditures to Date</u>		<u>Authorizations Cancelled</u>	<u>Balance June 30, 2021</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Referendum Project - Infrastructure Repairs and Renovation of the High School	\$ 12,553,000	\$ 700,000	\$ 13,041,109		\$ 211,891	-
Turf Field	941,000		895,112		45,888	
Renovations and Upgrades to the Media Center	<u>3,857,000</u>	<u>-</u>	<u>629,539</u>	<u>\$ 3,040,730</u>	<u>-</u>	<u>\$ 186,731</u>
	<u>\$ 17,351,000</u>	<u>\$ 700,000</u>	<u>\$ 14,565,760</u>	<u>\$ 3,040,730</u>	<u>\$ 257,779</u>	<u>\$ 186,731</u>

Unexpended Project Authorizations \$ 186,731
 Add: Reserve for Payment of Debt Service 1,779

Fund Balance (Budgetary Basis) \$ 188,510

Analysis of Restricted Fund Balance:

Restricted for Debt Service \$ 1,779
 Restricted for Capital Projects 186,731

Fund Balance, GAAP Basis \$ 188,510

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Revenues and Other Financing Sources

Interest on Deposits	\$ <u>3,314</u>
Total Revenues	<u>3,314</u>

Expenditures and Other Financing Uses

Purchased Professional and Technical Services	47,051
Construction Services	2,611,693
Furniture	381,986
Transfer to Debt Service Fund	
Interest on Deposits	3,314
Unexpended Balances Cancelled	256,000
Transfer to Current Fund	<u>6,171</u>
Total Expenditures and Other Financing Uses	<u>3,306,215</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures (3,302,901)

Fund Balance, July 1, 2020 3,491,411

Fund Balance, June 30, 2021 \$ 188,510

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
SOUTH KITCHEN - INTERIOR ALTERATIONS
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 550,606	\$ (211,891)	\$ 338,715	\$ 550,606
Transfer from Capital Reserve	<u>700,000</u>	<u>-</u>	<u>700,000</u>	<u>700,000</u>
Total Revenues	<u>1,250,606</u>	<u>(211,891)</u>	<u>1,038,715</u>	<u>1,250,606</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	94,638		94,638	115,000
Construction Services	675,077		675,077	866,606
Equipment	<u>269,000</u>	<u>-</u>	<u>269,000</u>	<u>269,000</u>
Total Expenditures	<u>1,038,715</u>	<u>-</u>	<u>1,038,715</u>	<u>1,250,606</u>
Excess of Revenues Over Expenditures	<u>\$ 211,891</u>	<u>\$ (211,891)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	5550-050-13-5000
Grant Date	July 19, 2013
Bond Authorization Date	December 4, 2013
Bonds Authorized	\$ 12,553,000
Bonds Issued	\$ 12,553,000
Original Authorized Cost	\$ 580,818
Increase (Decrease) in Authorized Cost	\$ 669,788
Revised Authorized Cost	\$ 1,250,606
Percentage Decrease Over Original Authorized Cost	115.32%
Percentage Completion	100%
Original Target Completion Date	August 31, 2015

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
TURF FIELD
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 941,000	\$ (45,888)	\$ 895,112	\$ 941,000
Total Revenues	<u>941,000</u>	<u>(45,888)</u>	<u>895,112</u>	<u>941,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	76,735		76,735	77,575
Construction Services	<u>818,377</u>	<u>-</u>	<u>818,377</u>	<u>863,425</u>
Total Expenditures	<u>895,112</u>	<u>-</u>	<u>895,112</u>	<u>941,000</u>
Excess of Revenues Over Expenditures	<u>\$ 45,888</u>	<u>\$ (45,888)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	
Grant Date	
Bond Authorization Date	
Bonds Authorized	\$ 941,000
Bonds Issued	\$ 941,000
Original Authorized Cost	\$ 941,000
Increase (Decrease) in Authorized Cost	\$ -
Revised Authorized Cost	\$ 941,000

Percentage Decrease Over Original

Authorized Cost	0.00%
Percentage Completion	100%
Original Target Completion Date	June 30, 2017

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
RENOVATIONS AND UPGRADES TO MEDIA CENTER
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Note Proceeds	\$ 3,857,000	\$ -	\$ 3,857,000	\$ 3,857,000
Total Revenues	<u>3,857,000</u>	<u>-</u>	<u>3,857,000</u>	<u>3,857,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	269,028	47,051	316,079	391,090
Construction Services	312,171	2,611,693	2,923,864	3,005,040
Furniture	34,254	381,986	416,240	410,000
Other Miscellaneous	<u>14,086</u>	<u>-</u>	<u>14,086</u>	<u>50,870</u>
Total Expenditures	<u>629,539</u>	<u>3,040,730</u>	<u>3,670,269</u>	<u>3,857,000</u>
Excess of Revenues Over Expenditures	<u>\$ 3,227,461</u>	<u>\$ (3,040,730)</u>	<u>\$ 186,731</u>	<u>\$ -</u>

Additional Project Information:

Bond Authorization Date	September 24, 2019
Debt Authorized	\$ 3,857,000
Debt Issued	\$ -
Original Authorized Cost	\$ 3,857,000
Increase (Decrease) in Authorized Cost	\$ -
Revised Authorized Cost	\$ 3,857,000

Percentage Decrease Over Original

Authorized Cost	0.00%
Percentage Completion	95%
Original Target Completion Date	June 30, 2021

ENTERPRISE FUNDS

EXHIBIT G-1

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

LONG-TERM DEBT

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF SERIAL BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>					
Serial Bonds - Construction and Refunding Bonds	7/29/2011	\$ 17,190,000				\$ 7,340,000		\$ 7,340,000	
Refunding Bonds	2/2/2012	9,365,000	1/15/2025	2,210,000	3.00 %				
			1/15/2026	2,285,000	5.00				
			1/15/2027	2,365,000	5.00				
			1/15/2028	2,445,000	5.00	9,305,000		\$ 9,305,000	
School Bonds, Series 2013	11/13/2013	12,553,000	1/15/2022	835,000	3.00 %				
			1/15/2023	860,000	3.00				
			1/15/2024	885,000	3.00				
			1/15/2025	910,000	3.00				
			1/15/2026	935,000	3.00				
			1/15/2027	965,000	3.25				
			1/15/2028	995,000	3.50				
			1/15/2029	1,023,000	3.50	8,218,000		810,000	7,408,000
Refunding Bonds	3/15/2016	1,970,000	1/15/2022	190,000	1.750 %				
			1/15/2023	195,000	1.750				
			1/15/2024-25	205,000	1.750				
			1/15/2026-27	210,000	1.750	1,405,000	-	190,000	1,215,000
Refunding Bonds	4/21/2021	5,803,000	1/15/2022	1,921,000	0.43 %				
			1/15/2023	1,934,000	0.43				
			1/15/2024	1,948,000	0.43	-	\$ 5,803,000	-	5,803,000
						<u>\$ 26,268,000</u>	<u>\$ 5,803,000</u>	<u>\$ 8,340,000</u>	<u>\$ 23,731,000</u>

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER LEASE-PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2021</u>
Technology, Vehicles and Security Upgrades	\$ 645,000	\$ 133,108		\$ 133,108	
Acquisition of Equipment	590,000	<u>242,099</u>	<u>-</u>	<u>119,945</u>	<u>\$ 122,154</u>
		<u>\$ 375,207</u>	<u>\$ -</u>	<u>\$ 253,053</u>	<u>\$ 122,154</u>

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 3,235,935		\$ 3,235,935	\$ 3,235,935	
Miscellaneous	2,500		2,500	3,904	\$ 1,404
State Sources					
Debt Service Aid	<u>1,694,470</u>	-	<u>1,694,470</u>	<u>1,694,470</u>	-
Total Revenues	<u>4,932,905</u>	-	<u>4,932,905</u>	<u>4,934,309</u>	<u>1,404</u>
EXPENDITURES					
Debt Service					
Principal	6,557,000		6,557,000	6,557,000	
Interest	911,781	-	911,781	911,780	1
Cost of Issuance	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,383</u>	<u>(60,383)</u>
Total Expenditures	<u>7,468,781</u>	-	<u>7,468,781</u>	<u>7,529,163</u>	<u>(60,382)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(2,535,876)</u>	-	<u>(2,535,876)</u>	<u>(2,594,854)</u>	<u>(58,978)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Refunding Bonds				5,803,000	5,803,000
Payments to Escrow Agent				(5,742,617)	(5,742,617)
Transfers In	<u>2,532,000</u>	-	<u>2,532,000</u>	<u>2,535,314</u>	<u>3,314</u>
Total Other Financing Sources	<u>2,532,000</u>	-	<u>2,532,000</u>	<u>2,595,697</u>	<u>63,697</u>
Excess (Deficiency) of Revenue Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>(3,876)</u>	-	<u>(3,876)</u>	<u>843</u>	<u>4,719</u>
Fund Balance, Beginning of Year	<u>25,557</u>	-	<u>25,557</u>	<u>25,557</u>	-
Fund Balance, End of Year	<u>\$ 21,681</u>	<u>\$ -</u>	<u>\$ 21,681</u>	<u>\$ 26,400</u>	<u>\$ 4,719</u>
Analysis of Restricted Fund Balance					
Designated for Subsequent Year's Budget				\$ 21,681	
Available for Debt Service				<u>4,719</u>	
				<u>\$ 26,400</u>	

STATISTICAL SECTION

This part of the Watchung Hills Regional High School 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 government's overall financial health.

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

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

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

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 13,903,304	\$ 14,957,986	\$ 17,776,328	\$ 15,417,519	\$ 15,113,001	\$ 15,563,886	\$ 17,221,912	\$ 17,967,682	\$ 16,916,374	\$ 24,762,412
Restricted	2,697,846	1,419,503	12,869,779	8,079,606	3,640,492	3,510,769	3,452,419	4,229,816	6,756,111	8,100,441
Unrestricted	868,293	1,673,897	(9,293,546)	(12,451,537)	(7,411,467)	(8,408,114)	(9,142,981)	(7,967,012)	(5,745,086)	(8,091,517)
Total Governmental Activities Net Position	\$ 17,469,443	\$ 18,051,386	\$ 21,352,561	\$ 11,045,588	\$ 11,342,026	\$ 10,666,541	\$ 11,531,350	\$ 14,230,486	\$ 17,927,399	\$ 24,771,336
Business-Type Activities										
Invested in Capital Assets	\$ 27,399	\$ 38,715	\$ 186,282	\$ 135,946	\$ 218,111	\$ 195,709	\$ 358,810	\$ 438,028	\$ 445,990	\$ 405,846
Unrestricted	224,814	260,377	97,725	102,009	164,823	257,596	261,904	370,394	396,425	286,994
Total Business-Type Activities Net Position	\$ 252,213	\$ 299,092	\$ 284,007	\$ 237,955	\$ 382,934	\$ 453,305	\$ 620,714	\$ 808,422	\$ 842,415	\$ 692,840
District-Wide										
Net Investment in Capital Assets	\$ 13,930,703	\$ 14,996,701	\$ 17,962,610	\$ 15,553,465	\$ 15,331,112	\$ 15,759,595	\$ 17,580,722	\$ 18,405,710	\$ 17,362,364	\$ 25,168,258
Restricted	2,697,846	1,419,503	12,869,779	8,079,606	3,640,492	3,510,769	3,452,419	4,229,816	6,756,111	8,100,441
Unrestricted	1,093,107	1,934,274	(9,195,821)	(12,349,528)	(7,246,644)	(8,150,518)	(8,881,077)	(7,596,618)	(5,348,661)	(7,804,523)
Total District Net Position	\$ 17,721,656	\$ 18,350,478	\$ 21,636,568	\$ 11,283,543	\$ 11,724,960	\$ 11,119,846	\$ 12,152,064	\$ 15,038,908	\$ 18,769,814	\$ 25,464,176

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

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

Source: District's Financial Statements

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 16,474,021	\$ 16,860,889	\$ 17,155,737	\$ 20,673,392	\$ 21,568,696	\$ 23,869,760	\$ 22,285,682	\$ 21,895,621	\$ 21,467,797	\$ 23,634,046
Special Education	4,522,158	4,748,750	5,205,996	6,033,087	6,266,347	7,210,563	7,358,644	6,602,733	6,882,692	7,390,237
Other Instruction	100,443	100,310	98,584	110,693	37,654	36,870	29,315	44,870	66,181	74,699
School Sponsored Activities And Athletics	1,486,681	1,544,989	1,544,272	1,896,729	1,999,127	2,168,611	2,133,492	2,147,622	2,094,102	2,282,312
Support Services:										
Student and Instruction Related Services	4,402,844	4,542,094	4,557,732	5,600,031	6,213,819	7,479,738	7,702,787	7,914,936	7,581,741	8,278,350
General Administration	1,916,028	2,186,687	1,027,050	1,041,375	1,218,434	1,331,125	1,259,590	1,247,919	1,244,024	1,321,681
School Administrative Services	1,263,078	1,355,199	2,133,095	2,526,879	2,485,745	2,811,870	2,804,421	2,640,087	2,349,670	2,592,670
Plant Operations And Maintenance	4,553,743	3,432,478	4,523,995	4,890,303	5,109,549	5,337,514	6,032,423	5,154,653	4,957,295	5,379,504
Pupil Transportation	1,784,440	1,877,914	2,051,698	2,101,720	2,183,469	2,353,253	2,561,898	2,578,763	2,157,114	1,839,775
Central Services	912,078	1,107,563	1,270,500	1,419,464	1,455,553	1,652,018	1,495,784	1,439,750	1,376,303	1,564,942
Interest On Long-Term Debt and Other Charges	1,286,190	1,088,192	1,303,581	1,426,449	1,385,401	1,287,144	1,213,027	1,128,245	1,077,024	851,692
Total Governmental Activities Expenses	<u>38,701,704</u>	<u>38,845,065</u>	<u>40,872,240</u>	<u>47,720,122</u>	<u>49,923,794</u>	<u>55,538,466</u>	<u>54,877,063</u>	<u>52,795,199</u>	<u>51,253,943</u>	<u>55,209,908</u>
Business-Type Activities:										
Food Service	733,677	742,748	858,673	930,831	915,669	968,188	1,019,159	1,071,920	828,998	166,315
Adult School	109,299	107,625	215	-	-	-	-	-	-	-
Total Business-Type Activities Expense	<u>842,976</u>	<u>850,373</u>	<u>858,888</u>	<u>930,831</u>	<u>915,669</u>	<u>968,188</u>	<u>1,019,159</u>	<u>1,071,920</u>	<u>828,998</u>	<u>166,315</u>
Total District Expenses	<u>\$ 39,544,680</u>	<u>\$ 39,695,438</u>	<u>\$ 41,731,128</u>	<u>\$ 48,650,953</u>	<u>\$ 50,839,463</u>	<u>\$ 56,506,654</u>	<u>\$ 55,896,222</u>	<u>\$ 53,867,119</u>	<u>\$ 52,082,941</u>	<u>\$ 55,376,223</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular	\$ 5,802,712	\$ 5,921,000	\$ 6,885,276	\$ 6,288,730	\$ 6,024,900	\$ 5,997,979	\$ 6,299,926	\$ 6,779,748	\$ 6,629,524	\$ 7,592,299
Special Education	557,487	442,447	591,352	597,456	935,371	799,014	936,553	1,042,539	1,679,348	947,319
School Sponsored Activities And Athletics										272,928
Pupil Transportation										
Operating Grants And Contributions	3,892,569	4,942,848	4,669,449	9,055,430	11,043,261	14,237,659	13,233,721	12,487,601	11,123,465	15,405,468
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>10,252,768</u>	<u>11,306,295</u>	<u>12,146,077</u>	<u>15,941,616</u>	<u>18,003,532</u>	<u>21,034,652</u>	<u>20,470,200</u>	<u>20,309,888</u>	<u>19,432,337</u>	<u>24,218,014</u>
Business-Type Activities:										
Charges For Services										
Food Service	813,342	820,347	849,246	942,330	961,566	1,038,559	1,110,318	1,138,796	809,709	13,960
Adult School	81,793	66,826	764	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	<u>895,135</u>	<u>887,173</u>	<u>850,010</u>	<u>942,330</u>	<u>961,566</u>	<u>1,038,559</u>	<u>1,110,318</u>	<u>1,138,796</u>	<u>809,709</u>	<u>13,960</u>
Total District Program Revenues	<u>\$ 11,147,903</u>	<u>\$ 12,193,468</u>	<u>\$ 12,996,087</u>	<u>\$ 16,883,946</u>	<u>\$ 18,965,098</u>	<u>\$ 22,073,211</u>	<u>\$ 21,580,518</u>	<u>\$ 21,448,684</u>	<u>\$ 20,242,046</u>	<u>\$ 24,231,974</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (28,448,936)	\$ (27,538,770)	\$ (28,726,163)	\$ (31,778,506)	\$ (31,920,262)	\$ (34,503,814)	\$ (34,406,863)	\$ (32,485,311)	\$ (31,821,606)	\$ (30,991,894)
Business-Type Activities	<u>52,159</u>	<u>36,800</u>	<u>(8,878)</u>	<u>11,499</u>	<u>45,897</u>	<u>70,371</u>	<u>91,159</u>	<u>66,876</u>	<u>(19,289)</u>	<u>(152,355)</u>
Total District-Wide Net Expense	<u>\$ (28,396,777)</u>	<u>\$ (27,501,970)</u>	<u>\$ (28,735,041)</u>	<u>\$ (31,767,007)</u>	<u>\$ (31,874,365)</u>	<u>\$ (34,433,443)</u>	<u>\$ (34,315,704)</u>	<u>\$ (32,418,435)</u>	<u>\$ (31,840,895)</u>	<u>\$ (31,144,249)</u>

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes General Purposes	\$ 26,568,135	\$ 27,099,498	\$ 27,641,488	\$ 28,194,318	\$ 28,758,204	\$ 29,333,368	\$ 30,506,702	\$ 31,116,836	\$ 31,668,863	\$ 32,061,861
Property Taxes Debt Service	2,325,313	2,245,729	2,452,108	3,176,201	3,169,145	3,200,626	3,198,501	3,189,222	3,219,097	3,235,935
Federal and State Aid - Unrestricted				32,974	36,062	52,066	53,548	4,630	-	-
State Aid - Restricted				355,049	355,823	358,420	682,729	359,607	361,647	1,694,470
Investment Earnings	8,519	9,124	26,759	33,892	26,454	28,951	65,308	157,333	162,954	28,663
Miscellaneous Income	213,382	181,733	235,741	152,395	198,462	453,921	265,362	253,663	162,932	224,764
Donation of Capital Assets			2,000							
Adjustments/Gain/Loss - Capital Assets					81,452					
Transfers	-	(10,000)	6,220	-	-	-	-	-	-	-
Total Governmental Activities	<u>29,115,349</u>	<u>29,526,084</u>	<u>30,364,316</u>	<u>31,944,829</u>	<u>32,625,602</u>	<u>33,427,352</u>	<u>34,772,150</u>	<u>35,081,291</u>	<u>35,575,493</u>	<u>37,245,693</u>
Business-Type Activities:										
Investment Earnings	235	79	13							
Transfers	-	10,000	(6,220)	-	-	-	-	-	-	-
Total Business-Type Activities	<u>235</u>	<u>10,079</u>	<u>(6,207)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 29,115,584</u>	<u>\$ 29,536,163</u>	<u>\$ 30,358,109</u>	<u>\$ 31,944,829</u>	<u>\$ 32,625,602</u>	<u>\$ 33,427,352</u>	<u>\$ 34,772,150</u>	<u>\$ 35,081,291</u>	<u>\$ 35,575,493</u>	<u>\$ 37,245,693</u>
Change in Net Position										
Governmental Activities	\$ 666,413	\$ 1,987,314	\$ 1,638,153	\$ 166,323	\$ 705,340	\$ (1,076,462)	\$ 365,287	\$ 2,595,980	\$ 3,753,887	\$ 6,253,799
Business-Type Activities	52,394	46,879	(15,085)	11,499	45,897	70,371	91,159	66,876	(19,289)	(152,355)
Total District	<u>\$ 718,807</u>	<u>\$ 2,034,193</u>	<u>\$ 1,623,068</u>	<u>\$ 177,822</u>	<u>\$ 751,237</u>	<u>\$ (1,006,091)</u>	<u>\$ 456,446</u>	<u>\$ 2,662,856</u>	<u>\$ 3,734,598</u>	<u>\$ 6,101,444</u>

Source: District's Financial Statements

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ 2,017,604	\$ 1,568,689	\$ 3,382,584	\$ 3,764,249	\$ 4,548,235	\$ 4,822,104	\$ 4,440,435	\$ 5,379,311	\$ 8,119,503	\$ 8,540,473
Committed	159,831	635,734	114,470	509,250	523,856	330,075	38,487	1,136,567	178,778	644,267
Assigned	1,242,475	589,715	363,775	317,133	338,963	225,522	267,953	369,741	211,726	228,499
Unassigned	<u>595,658</u>	<u>681,166</u>	<u>691,556</u>	<u>683,367</u>	<u>693,427</u>	<u>727,130</u>	<u>579,704</u>	<u>524,775</u>	<u>473,135</u>	<u>1,132,193</u>
Total General Fund	\$ 4,015,568	\$ 3,475,304	\$ 4,552,385	\$ 5,273,999	\$ 6,104,481	\$ 6,104,831	\$ 5,326,579	\$ 7,410,394	\$ 8,983,142	\$ 10,545,432
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	\$ 1,076,939	\$ 629,400	\$ 11,035,719	\$ 6,295,252	\$ 4,027,082	\$ 441,931	\$ 307,107	\$ 264,719	\$ 3,516,968	\$ 502,171
Total All Other Governmental Funds	\$ 1,076,939	\$ 629,400	\$ 11,035,719	\$ 6,295,252	\$ 4,027,082	\$ 441,931	\$ 307,107	\$ 264,719	\$ 3,516,968	\$ 502,171

Note 1 - Fund Balances in the General and Special Revenue Funds at June 30, 2020 are restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities".

Source: District's Financial Statements

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax Levy	\$ 28,893,448	\$ 29,345,227	\$ 30,093,596	\$ 31,370,519	\$ 31,927,349	\$ 32,533,994	\$ 33,705,203	\$ 34,306,058	\$ 34,887,960	\$ 35,297,796
Tuition Charges	6,360,199	6,363,447	7,476,628	6,886,186	6,960,271	6,796,993	7,236,479	7,822,287	8,308,872	8,539,618
Interest Earnings	8,519	9,124	26,759	33,892	26,454	28,951	65,308	157,333	162,954	28,663
Miscellaneous	243,867	201,325	244,597	172,175	208,446	464,660	284,670	269,820	185,988	553,659
State Sources	3,452,107	4,539,302	4,293,453	5,344,959	5,966,424	6,362,438	7,559,286	8,230,556	8,652,794	11,530,522
Federal Sources	409,977	383,954	367,140	487,518	510,614	454,969	414,014	462,040	437,678	788,679
Total Revenues	39,368,117	40,842,379	42,502,173	44,295,249	45,599,558	46,642,005	49,264,960	51,248,094	52,636,246	56,738,937
Expenditures										
Instruction										
Regular Instruction	15,620,706	16,206,477	16,460,207	17,406,096	17,253,862	17,575,515	17,622,431	18,256,641	18,741,649	19,731,797
Special Education Instruction	4,405,190	4,659,112	5,114,463	5,516,456	5,541,153	6,017,363	6,428,785	5,960,174	6,438,833	6,710,233
Other Instruction	100,717	100,916	99,082	100,598	31,475	28,258	24,378	39,321	61,093	65,537
School Sponsored Activities and Athletics	1,489,913	1,552,459	1,550,221	1,701,790	1,736,185	1,756,889	1,835,126	1,935,476	1,965,468	2,077,502
Support Services:										
Student and Inst. Related Services	4,060,064	4,133,872	4,272,687	4,687,989	4,996,430	5,610,341	6,172,893	6,648,684	6,639,667	6,966,428
General Administration	1,077,580	1,201,371	867,236	794,658	915,674	959,581	902,007	949,290	946,458	989,195
School Administrative Services	1,837,674	2,129,664	2,071,376	2,267,234	2,132,244	2,195,479	2,278,652	2,271,302	2,136,628	2,272,562
Plant Operations And Maintenance	4,121,842	4,045,956	4,156,533	4,366,650	4,425,394	4,358,544	4,548,315	4,364,657	4,299,025	4,627,348
Pupil Transportation	1,785,174	1,879,581	2,053,129	2,096,943	2,165,948	2,302,915	2,514,155	2,552,893	2,154,076	1,831,319
Central Services	914,337	1,113,931	1,276,253	1,343,413	1,321,402	1,370,588	1,285,462	1,306,315	1,325,621	1,454,455
Capital Outlay	1,101,801	1,912,107	3,534,025	4,178,623	4,328,682	4,052,355	2,086,824	783,710	2,975,851	4,206,146
Debt Service:										
Debt Issuance Costs	229,984		8,663							60,383
Advance Refunding Escrow	1,486,283									
Principal	1,390,479	1,520,128	1,643,983	2,318,590	2,335,549	2,589,320	3,730,689	2,901,869	2,837,312	6,810,053
Interest and Other Charges	1,360,286	1,364,608	1,255,135	1,624,062	1,558,963	1,409,658	1,338,319	1,236,335	1,146,568	1,039,007
Total Expenditures	40,982,030	41,820,182	44,362,993	48,403,102	48,742,961	50,226,806	50,768,036	49,206,667	51,668,249	58,841,965
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(1,613,913)	(977,803)	(1,860,820)	(4,107,853)	(3,143,403)	(3,584,801)	(1,503,076)	2,041,427	967,997	(2,103,028)
Other Financing Sources (Uses)										
Proceeds From Lease Purchase			785,000	89,000	645,000		590,000			
Proceeds From Serial Bonds			12,553,000		941,000					
Refunding Bond Proceeds	26,555,000				1,970,000					5,803,000
Premium on Refunding Bonds	2,552,267									
Payments to Refunded Bonds Escrow	(27,391,000)				(1,931,737)					(5,742,617)
Proceeds from Capital Note									3,857,000	
Gain on Capital Assets					81,452					
Transfers In	400,616	1,220,643	347,627	22,139	11,607	61,967	1,325,709	6,623	22,679	2,576,485
Transfers Out	(400,616)	(1,230,643)	(341,407)	(22,139)	(11,607)	(61,967)	(1,325,709)	(6,623)	(22,679)	(2,576,485)
Total Other Financing Sources (Uses)	1,716,267	(10,000)	13,344,220	89,000	1,705,715	-	590,000	-	3,857,000	60,383
Net Change in Fund Balances	\$ 102,354	\$ (987,803)	\$ 11,483,400	\$ (4,018,853)	\$ (1,437,688)	\$ (3,584,801)	\$ (913,076)	\$ 2,041,427	\$ 4,824,997	\$ (2,042,645)
Debt Service as a Percentage of										
Noncapital Expenditures	6.90%	7.23%	7.10%	8.92%	8.77%	8.66%	10.41%	8.55%	8.18%	14.37%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District's Financial Statements

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Rental</u>	<u>Misc.</u>	<u>Total</u>
2012	\$ 6,360,199	\$ 7,903	\$ 102,385	\$ 107,734	\$ 6,578,221
2013	6,363,447	8,481	88,701	86,826	6,547,455
2014	7,476,628	8,224	95,491	140,250	7,720,593
2015	6,886,186	11,726	115,791	36,604	7,050,307
2016	6,960,271	14,857	119,781	78,681	7,173,590
2017	6,796,993	22,404	126,474	324,747	7,270,618
2018	7,236,479	59,954	137,423	127,863	7,561,719
2019	7,822,287	151,626	134,035	119,628	8,227,576
2020	8,308,872	140,275	85,209	71,552	8,605,908
2021	8,539,618	25,349	6,018	214,842	8,785,827

Source: District Records

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUATION OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Valuation	Total Direct School Tax Rate ^a
Long Hill Township												
2012	\$ 17,735,400	\$ 1,127,011,200	\$ 3,103,600	\$ 45,700	\$ 103,707,100	\$ 16,541,200	\$ 6,268,200	\$ 1,274,412,400	\$ 4,714,115	\$ 1,279,126,515	\$ 1,695,714,200	\$ 0.587
2013	16,751,400	1,115,697,400	4,115,700	45,700	102,227,500	16,445,900	6,268,200	1,261,551,800	3,796,526	1,265,348,326	1,623,851,325	0.594
2014	16,714,900	1,111,286,000	3,734,200	47,400	102,470,400	16,304,600	6,268,200	1,256,825,700	3,141,460	1,259,967,160	1,597,186,047	0.593
2015	12,534,800	1,109,792,400	4,113,800	48,300	105,033,300	16,175,000	6,268,200	1,253,965,800	3,141,460	1,257,107,261	1,772,280,568	0.576
2016	13,971,900	1,433,093,900	4,611,700	67,800	132,529,400	18,072,600	8,606,400	1,610,953,700	4,068,200	1,615,021,900	1,782,295,522	0.454
2017	14,201,100	1,446,332,700	4,649,300	72,600	135,721,400	18,666,200	9,181,900	1,628,825,200	4,065,433	1,632,890,633	1,746,318,280	0.467
2018	14,602,700	1,454,297,100	4,434,300	71,100	136,627,900	19,112,100	9,429,200	1,638,574,400	4,130,534	1,642,704,934	1,738,834,023	0.472
2019	15,056,700	1,464,477,700	4,423,600	66,300	139,496,700	19,255,200	9,591,100	1,652,367,300	4,078,046	1,656,445,346	1,755,380,885	0.457
2020	15,176,700	1,467,343,900	3,872,200	67,700	142,281,300	19,418,800	9,928,000	1,658,088,600	4,134,578	1,662,223,178	1,747,819,984	0.432
2021	16,212,100	1,471,083,500	2,531,200	65,900	142,392,900	19,845,200	9,928,000	1,662,058,800	4,078,468	1,666,137,268	1,772,549,141	0.425
Warren Township												
2012	\$ 82,894,100	\$ 3,222,571,800	\$ 26,443,200	\$ 198,300	\$ 634,340,600	\$ 35,303,600		\$ 4,001,751,600	\$ 5,764,382	\$ 4,007,517,982	\$ 4,151,349,860	\$ 0.388
2013	72,272,000	3,344,937,520	27,157,100		627,211,600	35,451,500		4,107,029,720	5,478,908	4,112,508,628	4,194,970,394	0.391
2014	61,316,700	3,471,066,700	27,930,700	189,800	633,883,600	39,665,800		4,234,053,300	5,568,016	4,239,621,316	4,288,083,148	0.404
2015	56,274,000	3,632,718,700	30,677,300	197,700	597,292,500	39,694,000		4,356,854,200	5,685,495	4,362,539,695	4,585,997,627	0.414
2016	60,040,000	3,776,295,660	30,311,300	190,700	593,589,400	40,268,100		4,500,695,160	5,615,916	4,506,311,076	4,562,392,262	0.412
2017	58,993,600	3,851,747,890	30,480,000	189,000	602,205,530	40,560,000		4,584,176,020	5,553,500	4,589,729,520	4,586,010,424	0.417
2018	61,169,000	3,891,435,990	30,811,000		608,208,900	44,399,000		4,636,023,890	5,616,235	4,641,640,125	4,620,539,585	0.421
2019	59,858,600	3,891,957,160	29,570,100	184,300	574,368,500	44,869,000		4,600,807,660	5,654,013	4,606,461,673	4,640,065,626	0.426
2020	46,034,300	3,856,539,200	30,021,100	184,900	560,121,700	45,112,500		4,538,013,700	5,757,639	4,543,771,339	4,593,256,872	0.441
2021	44,711,200	3,920,049,000	29,573,700	169,200	548,229,400	46,361,500		4,589,094,000	5,943,052	4,595,037,052	4,578,993,467	0.449
Borough of Watchung												
2012	\$ 35,511,800	\$ 1,221,449,700			\$ 282,766,200	\$ 6,273,400	\$ 49,255,800	\$ 1,595,256,900	\$ 1,577,286	\$ 1,596,834,186	\$ 1,674,592,266	\$ 0.377
2013	31,860,700	1,214,066,800	\$ 377,200	\$ 5,280	294,459,700	6,237,300	47,400,000	1,594,406,980	1,484,459	1,595,891,439	1,641,460,927	0.384
2014	31,400,800	1,246,894,300	355,000	5,280	296,015,200	6,237,500	47,400,000	1,628,308,080	1,151,575	1,629,459,655	1,634,355,194	0.376
2015	32,019,400	1,280,593,700	334,100	5,280	297,786,500	6,359,500	47,850,000	1,664,948,480	1,138,954	1,666,087,434	1,687,333,485	0.379
2016	31,504,200	1,334,125,900	342,600	5,280	303,605,500	6,414,300	47,850,000	1,723,847,780	1,140,757	1,724,988,537	1,721,887,944	0.366
2017	30,704,300	1,365,322,000	348,000	5,280	304,472,700	6,439,400	48,325,000	1,755,616,680	1,127,931	1,756,744,611	1,754,739,422	0.360
2018	27,590,500	1,390,517,700	357,900	5,490	310,132,800	6,509,200	61,600,000	1,796,713,590	1,170,134	1,797,883,724	1,796,733,437	0.372
2019	29,597,800	1,399,715,980	362,400	5,490	304,417,300	6,576,700	59,900,000	1,800,575,670	1,213,534	1,801,789,204	1,806,535,036	0.409
2020	27,890,400	1,413,129,200	365,400	6,000	307,515,400	6,700,200	59,900,000	1,815,506,600	1,293,654	1,816,800,254	1,831,904,726	0.434
2021	28,239,600	1,435,923,400	372,800	6,000	303,640,200	6,700,300	59,900,000	1,834,782,300	1,328,571	1,836,110,871	1,841,618,510	0.430

Source: County Abstract of Ratables

a Tax rates are per \$100

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)**

Net Direct Debt of School District as of December 31, 2020		\$ 26,268,000
Net Overlapping Debt of School District		
Long Hill Township	\$ -	
Warren Township	13,271,614	
Borough of Watchung	<u>19,186,315</u>	
		<u>32,457,929</u>
Total Direct and Overlapping Bond Debt as of December 31, 2020		<u>\$ 58,725,929</u>

Sources: Municipal Annual Debt Statements, December 31, 2020

- (1) Long Hill Township - Morris County
- Warren Township - Somerset County
- Watchung Borough - Somerset County

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Taxpayer	2021		2012	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
<u>Long Hill Township</u>				
Valley and Plainfield Associate	\$ 26,704,600	1.60%	\$ 21,201,400	1.66%
Stirling Center Associates	15,179,900	0.91%	9,907,400	0.77%
Bell Atlantic/Verizon	4,078,468	0.24%	4,509,141	0.35%
Stirling Manor	6,267,800	0.38%	4,000,000	0.31%
Prism Millington LLC	4,271,000	0.26%		
Transcontinental Gas Pipeline	4,170,000	0.25%	3,764,500	0.29%
Tifa Ltd.			3,030,500	0.24%
RHK/A.K. Stamping			2,312,300	0.18%
Dagwood Prop. (Ind. Soccer, LLC)			2,246,900	0.18%
Parthenon C/O Walgreens	3,380,500	0.20%		
M&M Realty Management	3,429,900	0.21%		
Millington Savings Bank	3,109,600	0.19%	2,215,500	0.17%
Jilrydan, Inc (Realty, LLC)	2,739,900	0.16%	2,197,400	0.17%
	\$ 73,331,668	4.40%	\$ 55,385,041	4.33%
<u>Warren Township</u>				
Lucent Technologies			\$ 129,298,000	3.23%
Warren CC Acquisitions, LLC	\$ 70,240,700	1.53%		
Mt. Bethel Corp		0.00%	20,654,000	0.52%
Somerset Assoc.	22,771,700	0.50%	78,435,000	1.96%
Atlantic Development & Mgmt			64,682,400	1.61%
7 Powder Horn LLC	23,013,000	0.50%		
Normandy Real Estate Partners			57,192,200	1.43%
GC Net Lease (Warren) Investors	24,928,000	0.54%		
Vicendese Family LTD			17,646,500	0.44%
Beacon Capital Strategic Partners			29,497,200	0.74%
S/K Warren Associates, LLC	13,000,000	0.28%	14,400,000	0.36%
Pheasant Run 2001			15,841,000	0.40%
Warren 2001, LLC	16,250,000	0.35%		
10 Independence SPE			14,945,500	0.37%
Brightview Warren LLC	18,500,000	0.40%		
HCRI NY-NJ Properties, LLC	12,922,000	0.28%		
10 Independence Holdings LLC	12,053,000	0.26%		
184 Property Owner LLC	47,083,000	1.02%		
	\$ 260,761,400	5.67%	\$ 442,591,800	11.04%
<u>Borough of Watchung</u>				
Watchung Square Associates	\$ 65,531,000	3.57%	\$ 81,379,300	5.10%
WM Crystal Ridge, LLC			49,255,800	3.08%
PP Watchung Investors	59,900,000	3.26%		
Levin Properties, LP	50,000,000	2.72%	52,427,300	3.28%
Watchung VF LLC			22,718,300	1.42%
Watchung UE, LLC	23,940,400	1.30%		
Sears Roebuck & Co	21,814,200	1.19%	17,283,000	1.08%
Walmart	16,928,000	0.92%		
Target Corp	15,777,000	0.86%	15,156,500	0.95%
HD Development of Maryland, Inc.	14,400,000	0.78%	13,265,000	0.83%
680 Mountain Boulevard, LLC	12,240,000	0.67%		
Weldon Materials Inc	10,344,100	0.56%	9,529,500	0.60%
Mini U Storage New Jersey RE LLC			6,615,000	0.41%
Pitney Partners			7,355,000	0.46%
	\$ 290,874,700	15.84%	\$ 274,984,700	17.22%

Source: Municipal Tax Assessor

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 28,893,448	\$ 28,893,448	100.00%	N/A
2013	29,345,227	29,345,227	100.00%	N/A
2014	30,093,596	30,093,596	100.00%	N/A
2015	31,370,519	31,370,519	100.00%	N/A
2016	31,927,349	31,927,349	100.00%	N/A
2017	32,533,994	32,533,994	100.00%	N/A
2018	33,705,203	33,705,203	100.00%	N/A
2019	34,306,058	34,306,058	100.00%	N/A
2020	34,887,960	34,887,960	100.00%	N/A
2021	35,297,796	35,297,796	100.00%	N/A

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				Total District	Population *	Per Capita
	General Obligation Bonds	Lease Purchase Agreements	Capital Notes	Debt Authorized But Not Issued			
2012	\$ 30,005,000	\$ 807,647		\$ 476	\$ 30,813,123	30,395	\$ 1,014
2013	28,915,000	377,519		-	29,292,519	30,584	958
2014	40,093,000	893,536		-	40,986,536	30,635	1,338
2015	38,033,000	723,946		-	38,756,946	30,596	1,267
2016	36,914,000	1,198,397		-	38,112,397	30,482	1,250
2017	34,624,000	899,077		-	35,523,077	30,509	1,164
2018	31,313,000	1,069,388		-	32,382,388	30,402	1,065
2019	28,838,000	642,519		-	29,480,519	30,324	972
2020	26,268,000	375,207	\$ 3,857,000	-	30,500,207	30,120	1,013
2021	23,731,000	122,154		-	23,853,154	30,024	794

Source: District records

* Total Population of Long Hill, Warren and Watchung

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2012	\$ 30,005,000		\$ 30,005,000	0.44%	\$ 987
2013	28,915,000		28,915,000	0.41%	945
2014	40,093,000		40,093,000	0.56%	1,309
2015	38,033,000		38,033,000	0.52%	1,243
2016	36,914,000		36,914,000	0.47%	1,211
2017	34,624,000		34,624,000	0.43%	1,135
2018	31,313,000		31,313,000	0.39%	1,030
2019	28,838,000		28,838,000	0.36%	951
2020	26,268,000		26,268,000	0.33%	872
2021	23,731,000		23,731,000	0.29%	790

Source: District records

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>Regional School District</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
<u>Long Hill Township</u>					
2012	2.86	0.587	1.179	0.766	0.327
2013	2.96	0.594	1.250	0.788	0.324
2014	2.87	0.593	1.161	0.788	0.326
2015	2.93	0.576	1.217	0.806	0.333
2016	2.35	0.454	0.966	0.646	0.282
2017	2.36	0.467	0.974	0.637	0.278
2018	2.38	0.472	0.986	0.640	0.278
2019	2.39	0.457	1.014	0.642	0.279
2020	2.42	0.432	1.066	0.651	0.274
2021	2.46	0.425	1.102	0.660	0.277
<u>Warren Township</u>					
2012	1.99	0.388	0.934	0.289	0.382
2013	2.02	0.391	0.923	0.314	0.389
2014	2.04	0.404	0.914	0.319	0.400
2015	2.05	0.414	0.902	0.328	0.404
2016	2.01	0.412	0.875	0.318	0.404
2017	1.99	0.417	0.859	0.311	0.401
2018	1.99	0.421	0.859	0.313	0.394
2019	2.04	0.426	0.883	0.326	0.403
2020	2.07	0.441	0.907	0.323	0.399
2021	2.08	0.449	0.900	0.333	0.394
<u>Borough of Watchung</u>					
2012	2.01	0.377	0.732	0.519	0.386
2013	2.07	0.384	0.748	0.546	0.391
2014	2.09	0.376	0.748	0.572	0.398
2015	2.12	0.379	0.749	0.588	0.402
2016	2.09	0.366	0.732	0.594	0.399
2017	1.98	0.360	0.613	0.606	0.400
2018	1.99	0.372	0.612	0.610	0.397
2019	2.08	0.409	0.637	0.625	0.404
2020	2.13	0.434	0.657	0.643	0.394
2021	2.15	0.430	0.663	0.656	0.397

Source: Tax Collector

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN YEARS
 (Unaudited)

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 153,417,263	\$ 230,189,071	\$ 226,793,730	\$ 228,560,650	\$ 234,248,897	\$ 239,247,971	\$ 241,440,371	\$ 242,966,664	\$ 244,001,278	\$ 244,177,794
Total Net Debt Applicable to Limit	<u>30,005,476</u>	<u>28,915,476</u>	<u>40,093,000</u>	<u>38,033,000</u>	<u>36,914,000</u>	<u>34,624,000</u>	<u>31,313,000</u>	<u>28,838,000</u>	<u>30,125,000</u>	<u>23,731,000</u>
Legal Debt Margin	<u>\$ 123,411,787</u>	<u>\$ 201,273,595</u>	<u>\$ 186,700,730</u>	<u>\$ 190,527,650</u>	<u>\$ 197,334,897</u>	<u>\$ 204,623,971</u>	<u>\$ 210,127,371</u>	<u>\$ 214,128,664</u>	<u>\$ 213,876,278</u>	<u>\$ 220,446,794</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.56%	12.56%	17.68%	16.64%	15.76%	14.47%	12.97%	11.87%	12.35%	9.72%

Legal Debt Margin Calculation, December 31, 2018

2018	\$ 8,188,274,989
2019	8,138,739,903
2020	<u>8,090,764,493</u>
	<u>\$ 24,417,779,385</u>
Average Equalized Valuation of Taxable Property	\$ 8,139,259,795
3% of Equalized Valuation Basis	244,177,794
Less Net Debt	<u>23,731,000</u>
Remaining Borrowing Power	<u>\$ 220,446,794</u>

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (2)</u>	<u>Population (1)</u>
<u>Long Hill Township</u>			
2011	6.2%	76,730	8,750
2012	6.4%	79,775	8,748
2013	6.8%	80,815	8,751
2014	4.4%	84,278	8,725
2015	3.9%	88,335	8,703
2016	3.6%	91,148	8,666
2017	3.6%	93,633	8,616
2018	3.1%	97,819	8,541
2019	2.6%	101,646	8,424
2020	6.9%	N/A	8,382
<u>Warren Township</u>			
2011	4.2%	71,429	15,609
2012	4.4%	75,156	15,773
2013	5.3%	78,451	15,816
2014	4.5%	83,429	15,813
2015	3.9%	88,447	15,745
2016	3.6%	92,514	15,805
2017	3.3%	99,189	15,736
2018	2.9%	105,161	15,723
2019	2.6%	109,916	15,673
2020	6.9%	N/A	15,635
<u>Borough of Watchung</u>			
2011	6.3%	71,429	6,036
2012	6.6%	75,156	6,063
2013	4.2%	78,451	6,068
2014	4.5%	83,429	6,058
2015	4.2%	88,447	6,034
2016	4.0%	92,514	6,038
2017	3.4%	99,189	6,050
2018	3.1%	105,161	6,060
2019	2.8%	109,916	6,023
2020	8.1%	N/A	6,007

Sources:

- (1) US Census Reports
(2) State of New Jersey
N/A - Not Available

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
<u>Long Hill Township</u>	Information Not Available			
<u>Warren Township</u>	Information Not Available			
<u>Borough of Watchung</u>	Information Not Available			

WATCHUNG HILLS REGIONAL HIGH 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	143	148	148	148	147	146	138	135	135	135
Special Education	35	37	41	42	42	43	43	41	41	41
Other Special Education	9	9	9	10	10	10	10	10	10	10
Adult/Continuing Education Programs	1	1	-	-	-	-				
Support Services:										
Student and Instruction Related Services	19	19	19	19	19	19	19	19	19	19
General Administration	9	9	10	10	10	10	10	9	9	9
School Administrative Services	12	14	14	14	13	12	12	12	12	12
Other Administrative Services	6	6	6	6	6	6	6	6	6	6
Central Services	6	6	6	6	6	6	6	6	6	5
Administrative Information Technology	5	5	5	5	6	6	6	6	6	6
Plant Operations And Maintenance	15	15	15	15	15	15	14	14	14	14
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Total	<u>261</u>	<u>270</u>	<u>274</u>	<u>276</u>	<u>275</u>	<u>274</u>	<u>265</u>	<u>259</u>	<u>259</u>	<u>258</u>

Source: District Personnel Records

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

<u>Fiscal Year</u>	<u>Enrollment^a</u>	<u>Operating Expenditures^b</u>	<u>Cost Per Pupil^c</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil Teacher Ratio High School</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2011	2,057	\$ 34,454,468	\$ 16,750	-1.13%	177	1:12	2,057	1,983.6	-0.58%	96.43%
2012	2,064	35,413,197	17,158	2.43%	180	1:12	2,064	1,990.0	0.34%	96.41%
2013	2,136	37,023,339	17,333	1.02%	185	1:12	2,136	2,044.1	3.49%	95.70%
2014	2,175	37,921,187	17,435	0.59%	189	1:12	2,175	2,089.0	1.83%	96.05%
2015	2,197	40,281,827	18,335	5.16%	190	1:12	2,197	2,103.0	1.01%	95.72%
2016	2,137	40,519,767	18,961	3.41%	189	1:11	2,137	2,057.0	-2.73%	96.26%
2017	2,064	42,175,473	20,434	7.77%	189	1:11	2,064	1,977.0	-3.42%	95.78%
2018	2,014	43,612,204	21,655	5.97%	181	1:11	2,014	1,918.0	-2.42%	95.23%
2019	1,965	44,284,753	22,537	4.07%	176	1:11	1,965	1,879.0	-2.43%	95.62%
2020	1,935	44,708,518	23,105	2.52%	176	1:11	1,935	1,873.0	-1.53%	96.80%
2021	1,900	46,726,376	24,593	6.44%	176	1:11	1,900	1,848.0	-1.81%	97.26%

Sources: District records

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

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>District Building</u>										
<u>High School</u>										
Square Feet	391,915	391,915	391,915	391,915	391,915	391,915	391,915	391,915	391,915	391,915
Capacity (students)	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506
Enrollment	2,069	2,136	2,175	2,197	2,137	2,064	2,014	1,965	1,935	1,900
<u>Garage</u>										
Square Feet	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
<u>Field House</u>										
Square Feet	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000

Source: District Records

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Amount</u>
2012	\$ 1,311,846
2013	1,379,308
2014	1,475,556
2015	1,594,056
2016	1,567,514
2017	1,438,033
2018	1,356,436
2019	1,312,016
2020	1,383,664
2021	1,417,947

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF INSURANCE
JUNE 30, 2021**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - SAIF		
Property, Inland Marine	\$ 500,000,000	\$2,500
Boiler & Machinery	100,000,000	2,500
Flood	10,000,000	2,500
Environmental Impairment Liability	1,000,000	10,000
Critical Incident Management	25,000	
Automobile	5,000,000	
Collision		1,000
Comprehensive		1,000
Employee Benefits Liability	5,000,000	1,000
School Leader's Professional Liability	5,000,000	5,000
Employee Dishonesty	500,000	2,500
Money & Securities	2,500,000	1,000
Sexual Abuse and Molestation	10,000,000	5,000
Worker's Compensation	5,000,000	
Commercial Umbrella Excess - (G/L, Auto, W/C)	5,000,000	
Commercial Umbrella Excess - NJUEP	30,000,000	
Commercial Umbrella Excess - CAP	50,000,000	
Public Employees' Faithful Performance Blanket		
Position Bond - Selective Insurance Co.		
Business Administrator	100,000	
Treasurer of School Monies	300,000	

Source: School Insurance Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Watchung Hills Regional High School District
108 Stirling Road
Warren, New Jersey 07059

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Watchung Hills Regional High School District as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Watchung Hills Regional High School District's basic financial statements and have issued our report thereon dated February 4, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we noted a matter that is not required to be reported under Government Auditing Standards that we reported to management of the Watchung Hill's Regional High School District in a separate report entitled "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance " dated February 4, 2022.

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 Watchung Hills Regional High School 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 Watchung Hills Regional High School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
February 4, 2022



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Watchung Hills Regional High School District
108 Stirling Road
Warren, New Jersey 07059

Report on Compliance for Each Major Federal and State Program

We have audited the Watchung Hills Regional High School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Watchung Hills Regional High School District's major federal and state programs for the fiscal year ended June 30, 2021. The Watchung Hills Regional High School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Watchung Hills Regional High School 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Watchung Hills Regional High School 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 Watchung Hills Regional High School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Watchung Hills Regional High School 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 Watchung Hills Regional High School 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 Watchung Hills Regional High School 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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Watchung Hills Regional High School District's internal control over compliance.

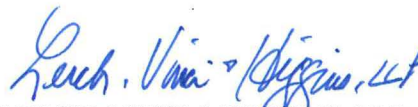
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Watchung Hills Regional High School 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. We have issued our report thereon dated February 4, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
February 4, 2022

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance, July 1, 2020	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year Balances	Balance at June 30, 2021			Memo GAAP Receivable
											(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education														
Passed-Through State Department of Education														
Special Revenue Fund														
Title I	84.010A	S010A200030	7/1/20-9/30/21	\$ 45,180		\$ 3,935	\$ 27,213	\$ 49,115	\$ (3,935)		\$ (21,902)			* \$ (21,902)
Title I	84.010A	S010A190030	7/1/19-6/30/20	44,936	\$ (14,166)	(3,935)	14,166		3,935					* (3,935)
Title II - A	84.367A	S367B200027	7/1/20-9/30/21	20,709		27,923	30,353	44,929	(27,923)		(18,279)	\$ 3,703		* (14,576)
Title II - A	84.367A	S367B190029	7/1/19-6/30/20	21,775	(11,373)	(27,923)	11,373		27,923					* -
Title IV	84.424	S424A200031	7/1/20-9/30/21	10,000		10,100	7,650	20,100	(10,100)		(12,450)	-		* (5,850)
Title IV	84.424	S424A190031	7/1/19-6/30/20	10,000	(1,500)	(10,100)	1,500		10,100					* -
I.D.E.A. Part B, Basic	84.027A	H027A200100	7/1/20-9/30/21	388,288		48,145	330,420	420,648	(48,145)		(106,013)	15,785		* (90,228)
I.D.E.A Part B, Basic	84.027A	H027A190100	7/1/19-6/30/20	378,053	(48,454)	(48,145)	48,454		48,145					* -
CRRSA - ESSER II	84.425D	S425D200027	3/13/20-9/30/23	148,082				144,252			(148,082)	3,830		* (144,252)
CRRSA - Learning Acceleration	84.425D	S425D200027	3/13/20-9/30/23	25,000				6,313			(25,000)	18,687		* (6,313)
CRRSA - Mental Health	84.425D	S425D200027	3/13/20-9/30/23	45,000							(45,000)	45,000		* -
CARES Emergency Relief Act	84.425D	S425D200027	3/13/20-9/30/22	43,054	(19,511)	-	35,874	16,363	-	-	-	-	-	* -
Total Cluster					(19,511)	-	35,874	166,928	-	-	(218,082)	67,517	-	* (150,565)
NonPublic Digital Divide	21.019	S377A130031	7/16/20-10/31/20	12,963				12,936			(12,936)			* (12,936)
Coronavirus Relief Fund	21.019	NA	3/1/20-12/31/20	40,080			40,080							* -
Coronavirus Relief Fund (Passed Thru County)	21.019	NA	3/1/20-12/31/20	35,000			35,000							* -
Total Cluster							75,080	88,016			(12,936)			* -
Total U.S. Department of Education					(95,004)	-	582,083	789,736	-	-	(389,662)	87,005	-	* (283,121)
Total Federal Financial Awards					\$ (95,004)	\$ -	\$ 582,083	\$ 789,736	\$ -	\$ -	\$ (389,662)	\$ 87,005	\$ -	\$ (283,121)

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Received	Balance, July 1, 2020			Balance, June 30, 2021			MEMO				
				Unearned Revenue (Accounts Receivable)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
General Fund														
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 960,039				\$ 871,685	\$ 960,039		\$ (88,354)		*	\$ 960,039	
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	889,679	\$ (81,728)			81,728					*		
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	83,096				75,448	83,096		(7,648)		*	83,096	
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	83,096	(7,633)			7,633					*		
Total State Aid Public				(89,361)			1,036,494	1,043,135		(96,002)			1,043,135	
T.P.A.F. Pension														
T.P.A.F. Pension	21-495-034-5094-002	7/1/20-6/30/21	4,463,017				4,463,017	4,463,017				*	4,463,017	
T.P.A.F. Pension - NCGI	21-495-034-5094-004	7/1/20-6/30/21	84,915				84,915	84,915				*	84,915	
T.P.A.F. Pension - LTDI	21-495-034-5094-004	7/1/20-6/30/21	1,529				1,529	1,529				*	1,529	
Post Retirement-Medical Contributions	21-495-034-5094-001	7/1/20-6/30/21	1,425,251				1,425,251	1,425,251				*	1,425,251	
Total TPAF On Behalf Pension Contributions							5,974,712	5,974,712					5,974,712	
Transportation Aid														
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	616,602				559,855	616,602		(56,747)		*	616,602	
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	616,602	(56,642)			56,642					*		
Extraordinary Aid	21-100-034-5120-473	7/1/20-6/30/21	1,023,508					1,023,508		(1,023,508)		*	1,023,508	
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	660,117	(600,017)			660,117	60,100				*	60,100	
Non Public Transportation Reimb.	N/A	7/1/20-6/30/21	68,961					68,961		(68,961)		*	68,961	
Non Public Transportation Reimb.	N/A	7/1/19-6/30/20	1,791	(1,791)			1,791					*		
School Security Grant (Alyssa's Law)		7/1/20-6/30/21	127,301					127,301		(127,301)		*	127,301	
Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	1,226,111				1,165,965	1,226,111		(60,146)		*	1,226,111	
Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	1,195,119	(59,185)			59,185					*		
Total General Fund				(806,996)			9,514,761	10,140,430		(1,432,665)			10,140,430	
Special Revenue Fund														
Nonpublic Aid														
Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	18,205				18,205	18,204				*	18,204	
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	18,185		\$ 169				\$ 169			*		
Technology Aid	20-100-034-5120-373	7/1/19-6/30/20	12,420		124				124			*		
Nursing Services	21-100-034-5120-070	7/1/20-6/30/21	30,396				30,396	30,396				*	30,396	
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	33,465		487				487			*		
Security	21-100-034-5120-509	7/1/20-6/30/21	52,150				52,150	50,306			1,844	*	50,306	
Security	20-100-034-5120-509	7/1/19-6/30/20	51,750		2,047				2,047			*		
Chapter 192 (Auxiliary Services)														
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	1,742				1,742	697			1,045	*	697	
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	2,920	(300)	1,703		300		1,703			*		
Home Instruction	21-100-034-5120-067	7/1/20-6/30/21	2,973					2,973		(2,973)		*	2,973	
Home Instruction	20-100-034-5120-067	7/1/19-6/30/20	3,143	(3,143)			3,143					*		
Chapter 193 (Handicapped Services)														
Examination and Classification	21-100-034-5120-066	7/1/20-6/30/21	31,207				31,207	22,474			8,733	*	22,474	
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	44,393	(4,565)	27,110		4,565		27,110			*		
Supplemental Instruction	21-100-034-5120-066	7/1/20-6/30/21	890				890	809			81	*	809	
Supplemental Instruction	20-100-034-5120-066	7/1/19-6/30/20	809	(83)	809		83		809			*		
Total Special Revenue Fund				(8,091)	32,449		142,681	125,859	32,449	(2,973)			125,859	
Debt Service Fund														
Debt Service Aid	21-495-034-5120-075	7/1/20-6/30/21	1,694,470				1,694,470	1,694,470				*	1,694,470	
Total Debt Service Aid							1,694,470	1,694,470					1,694,470	
Total State Financial Assistance Subject to Single Audit Determination				\$ (815,087)	\$ 32,449	\$ -	11,351,912	11,960,759	\$ 32,449	\$ (1,435,638)	\$ -	\$ 11,704	\$ (259,381)	\$ 11,960,759
Less On-Behalf TPAF Pension														
T.P.A.F. Pension	21-495-034-5094-002						4,463,017	4,463,017						
T.P.A.F. Pension - NCGI	21-495-034-5094-004						84,915	84,915						
T.P.A.F. Pension - LTDI	21-495-034-5094-004						1,529	1,529						
Post Retirement-Pension Contributions	21-495-034-5094-001						1,425,251	1,425,251						
							5,974,712	5,974,712						
Total State Financial Assistance Subject to Major Program Determination							\$ 5,377,200	\$ 5,986,047						

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Watchung Hills Regional High School District. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$430,237 for the general fund and an increase of \$2,959 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 9,710,193	\$ 9,710,193
Special Revenue Fund	\$ 788,679	125,859	914,538
Debt Service Fund	-	1,694,470	1,694,470
	<u>788,679</u>	<u>1,694,470</u>	<u>2,483,149</u>
Total Financial Assistance	<u>\$ 788,679</u>	<u>\$ 11,530,522</u>	<u>\$ 12,319,201</u>

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$1,226,111 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. The amount reported as TPAF Pension System Contributions in the amount of \$4,547,932, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,425,251 and TPAF Long-Term Disability Insurance in the amount of \$1,529 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Part I – Summary of Auditor’s Results

State Awards Section

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

\$ 750,000

Auditee qualified as low-risk auditee?

X yes no

Internal Control over compliance:

1) Material weakness(es) identified?

yes X no

2) Significant deficiency(ies) identified that were
not considered to be material weaknesses?

yes X none reported

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

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with N.J. OMB Circular Letter 15-08

yes X no

Identification of major programs:

State Grant/Project Number

Name of State Program

21-495-034-5120-075

Debt Service Aid

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB Circular Letter 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.