

**WHARTON BOARD OF EDUCATION**

**Wharton Borough Board of Education  
Wharton, New Jersey**

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

**Comprehensive Annual  
Financial Report**

**of the**

**WHARTON BOARD OF EDUCATION**

**Wharton, New Jersey**

**For the Fiscal Year Ended June 30, 2021**

**Prepared by**

**Wharton Borough Board of Education  
Business Office**

WHARTON BOARD OF EDUCATION  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2021

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal .....	1
Organizational Chart .....	5
Roster of Officials .....	6
Consultants and Advisors.....	7
 FINANCIAL SECTION.....	 8
Independent Auditors' Report .....	9
Required Supplementary Information .....	12
Management's Discussion and Analysis .....	13
Basic Financial Statements (Sections A. and B.).....	22
A. District-Wide Financial Statements .....	23
A-1 Statement of Net Position .....	24
A-2 Statement of Activities.....	25
B. Fund Financial Statements.....	27
B-1 Balance Sheet – Governmental Funds .....	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	30
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	31
B-4 Statement of Net Position – Proprietary Funds.....	32
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds .....	33
B-6 Statement of Cash Flows – Proprietary Funds.....	34
Notes to the Basic Financial Statements .....	35
Required Supplementary Information .....	74
L Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions .....	75
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System.....	75
L-2 Schedule of District Contributions – Public Employees Retirement System .....	76
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with the District – Teachers' Pension and Annuity Fund.....	77
L-4 Schedule of State Contributions - Teachers' Pension and Annuity Fund.....	78
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios .....	79
Notes to Required Supplementary Information .....	80

WHARTON BOARD OF EDUCATION  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

FINANCIAL SECTION (Cont'd)

C.	Budgetary Comparison Schedules .....	82
C-1	Budgetary Comparison Schedule – General Fund.....	83
C-2	Budgetary Comparison Schedule - Special Revenue Fund.....	94
C-3	Required Supplementary Information - Budgetary Comparison Schedule – Note to RSI.....	95
Other Supplementary Schedules (D.-I.)		
D.	School Level Schedules (Not Applicable).....	96
E.	Special Revenue Fund .....	97
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	98
E-2	Preschool Aid Schedule of Expenditures – Budgetary Basis.....	101
F.	Capital Projects Fund.....	102
F-1	Summary Schedule of Revenue, Expenditures and Changes in Fund Balance – Budgetary Basis.....	103
F-1a	Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Duffy Elementary School - Various Upgrades.....	104
F-1b	Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – Duffy Elementary School - Corridor Ceramic Tile Replacement.....	105
F-1c	Schedule of Project Revenue, Expenditures, Project Balances, and Project Status – Budgetary Basis – MacKinnon HVAC Rooftop Units and Building Management Systems .....	106
G.	Proprietary Funds.....	107
Enterprise Fund:		
G-1	Statement of Net Position .....	108
G-2	Statement of Revenue, Expenses and Changes in Fund Net Position.....	109
G-3	Statement of Cash Flows .....	110
H.	Fiduciary Activities (Not Applicable) .....	111
I.	Long-Term Debt .....	112
I-1	Schedule of Serial Bonds .....	113
I-2	Schedule of Obligations Under Capital Leases (Not Applicable) .....	114
I-3	Debt Service Fund Budgetary Comparison Schedule.....	115
J.	Statistical Section (Unaudited) .....	116
J-1	Net Position by Component.....	117
J-2	Changes in Net Position.....	118
J-3	Fund Balances - Governmental Funds.....	120
J-4	Changes in Fund Balances - Governmental Funds .....	121
J-5	General Fund - Other Local Revenue by Source .....	122
J-6	Assessed Value and Actual Value of Taxable Property .....	123
J-7	Direct and Overlapping Property Tax Rates .....	124

WHARTON BOARD OF EDUCATION  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

J.	Statistical Section (Unaudited) (Cont'd)	
J-8	Principal Property Tax Payers .....	125
J-9	Property Tax Levies and Collections .....	126
J-10	Ratios of Outstanding Debt by Type .....	127
J-11	Ratios of Net General Bonded Debt Outstanding .....	128
J-12	Ratios of Overlapping Governmental Activities Debt .....	129
J-13	Legal Debt Margin Information.....	130
J-14	Demographic and Economic Statistics .....	131
J-15	Principal Employers.....	132
J-16	Full-Time Equivalent District Employees by Function/Program .....	133
J-17	Operating Statistics .....	134
J-18	School Building Information .....	135
J-19	Schedule of Required Maintenance for School Facilities .....	136
J-20	Insurance Schedule .....	137
K.	Single Audit Section.....	138
K-1	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> .....	139
K-2	Independent Auditors' Report on Compliance For Each Major Federal and State Program and Report on Internal Control over Compliance .....	141
K-3	Schedule of Expenditures of Federal Awards.....	143
K-4	Schedule of Expenditures of State Awards.....	145
K-5	Notes to the Schedules of Expenditures of Federal and State Awards .....	147
K-6	Schedule of Findings and Questioned Costs.....	149
K-7	Summary Schedule of Prior Audit Findings.....	151

INTRODUCTORY SECTION  
(UNAUDITED)

# WHARTON BOROUGH PUBLIC SCHOOLS

www.wbps.org

"Learn to Thrive in a Dynamic World"

Christopher Herdman  
Superintendent

Sandy Cammarata  
Business Administrator

Christopher J. Herdman  
Superintendent

Sandy Cammarata  
Business Administrator

Marie Giantomasi  
Director of Special Education &  
Child Study Team

Board of Education  
Robin Ghebreal  
President

Jennifer Hobbs  
Vice President

Anthony Astrologo  
Gilbert Bahr  
Paul Breda  
John McCusker  
Wayne Schiele

Superintendent's Office  
973.361.2592  
Fax 973.895.2187

Business Office  
973.361.2593  
Fax 973.442.7593

Marie V. Duffy School  
973.361.2506  
Fax 973.361.4917

Alfred C. MacKinnon School  
973.361.1253  
Fax 973.361.4805

Child Study Team  
973.361.3010  
Fax 973.361.4897

Guidance  
973.361.2541  
Fax 973.361.4917

137 East Central Avenue  
Wharton, NJ 07885

October 5, 2021

The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
County of Morris, New Jersey

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Wharton Board of Education (the "District") for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The 2020-2021 school year continued to be impacted and challenged by the global pandemic. Unlike the previous year, with students exclusively learning from home, this year, schools were tasked with the provision of providing education, services, and meals to students physically in the school, as well as students at home, simultaneously. Additionally, schools were forced to modify and adjust their plans, educational practice and meal services for temporary school wide quarantining. Staff worked diligently to provide the best instruction to all students through a multitude of modalities. The district offered breakfast and lunch to all "in-person" students and weekly (7 day) meal pick up for virtual students. All students were provided a device with internet connectivity provided by the district. All devices contained school firewalls and "Go Guardian" to provide the safest on-line experience possible. Numerous software programs were purchased and infused to reach all students, no matter their learning environment and setting.

While most afterschool, co-curricular, and athletic programs were cancelled for the year, virtual field trips and learning experiences were obtained and our Spring, outdoor, athletic programs were able to be held. Additional learning supports and programs were investigated and established throughout the year to provide and support individual student needs.

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, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

#### 1) REPORTING ENTITY AND ITS SERVICES:

The Wharton Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Wharton Board of Education and its schools constitute the District's reporting entity.

#### 2) ECONOMIC CONDITION AND OUTLOOK:

The Borough continues to seek new business to the area to improve the industrial and commercial tax base.

#### 3) MAJOR INITIATIVES:

The Board's current major initiatives are

- Current Interlocal Service Agreements with Morris Hills Regional High School District for Child Study Team Services, Joint Transportation Agreement with Rockaway Township School, Transportation Services, and Custodial Services. The District is evaluating all shared services continually for cost saving initiatives.
- Continued Stability of Early Childhood Program
- Continued Infusion of Technology
- Enhanced Performance Assessment Tools
- Performance Assessment
- Improved Professional Development
- Continued Infusion of Additional Resources through State and Federal Grants
- Continued effects to enhance school culture and climate and increase community involvement in the school.
- Provide individualized educational opportunities to target needs caused by the pandemic.

#### 4) INTERNAL ACCOUNTING CONTROLS:

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

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

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



5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles (GAAP), 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 "Notes to the Basic Financial Statements", No. 1.

7) CASH MANAGEMENT:

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

8) 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. The Business Administrator oversees risk management for the District. A Schedule of Insurance Coverage is found on Exhibit J-20.

9) OTHER INFORMATION:

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

The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
Page 4  
October 5, 2021

10) ACKNOWLEDGMENTS:

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

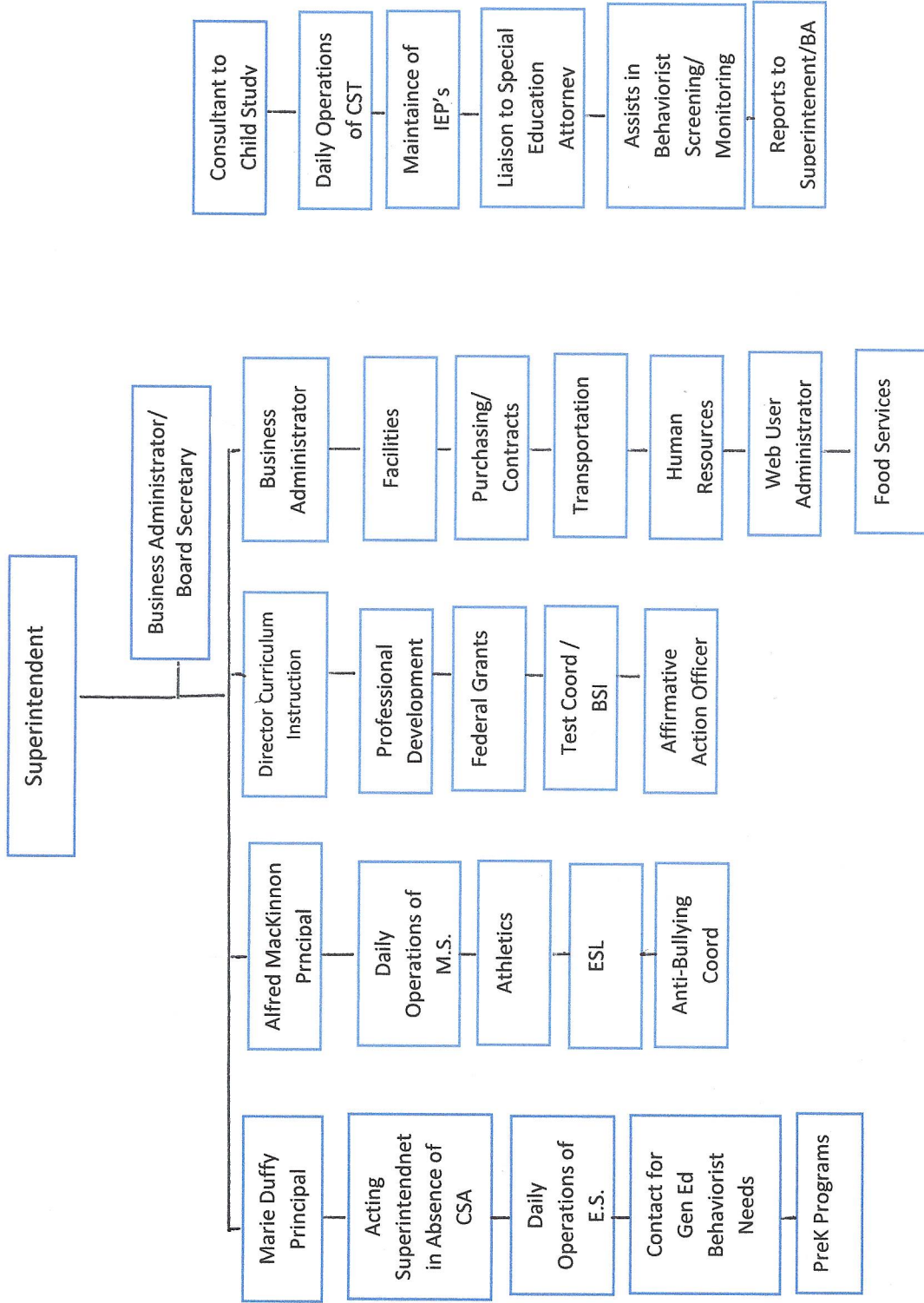


Christopher Herdman  
Superintendent



Sandy Cammarata  
Business Administrator/Board Secretary

**WHARTON BOARD OF EDUCATION  
ORGANIZATION CHART**



**WHARTON BOARD OF EDUCATION  
ROSTER OF OFFICIALS  
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Expiration of Term</u>
Robin Ghebreal, President	2022
Jennifer Hobbs, Vice President	2021
Anthony Astrologo	2023
Gilbert Bahr	2023
Paul Breda	2021
Wayne Schiele	2022
John McCusker	2022

<u>Other Officials</u>	<u>Title</u>
Christopher Herdman	Superintendent
Sandy Cammarata	Business Administrator/Board Secretary
Diana Fernandez	Treasurer of School Monies

**WHARTON BOARD OF EDUCATION  
Consultants and Advisors**

**Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

**Attorney**

Anthony Sciarrillo  
Lindabury, McCormick, Estabrook & Cooper PC  
53 Cardinal Drive  
Westfield, NJ 07090

**Architect**

Coppa Montalbano Architects  
97 Lackawanna Ave  
Totowa, NJ 07512

**Insurance Agent**

Morville Agency  
55 Newton Sparta Road #102  
Newton, NJ 07860

**Official Depository**

TD Bank  
240 Route 10 West  
Succasunna, NJ 07876

FINANCIAL SECTION

## Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
County of Morris, New Jersey

### **Report on the Financial Statements**

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

### ***Management’s Responsibility for the Financial Statements***

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

### ***Auditors’ Responsibility***

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

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

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

***Opinions***

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

***Emphasis of Matter***

As discussed in Note 19 the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

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

***Other Information***

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

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



The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
Page 3

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2021 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

October 5, 2021  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*  
\_\_\_\_\_  
Man C. Lee  
Licensed Public School Accountant #2527  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**

**Wharton Board of Education  
Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2021**

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

**Overview of the Financial Statements**

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

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

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

**Figure A-1  
Organization of Wharton Board of Education’s Financial Report**

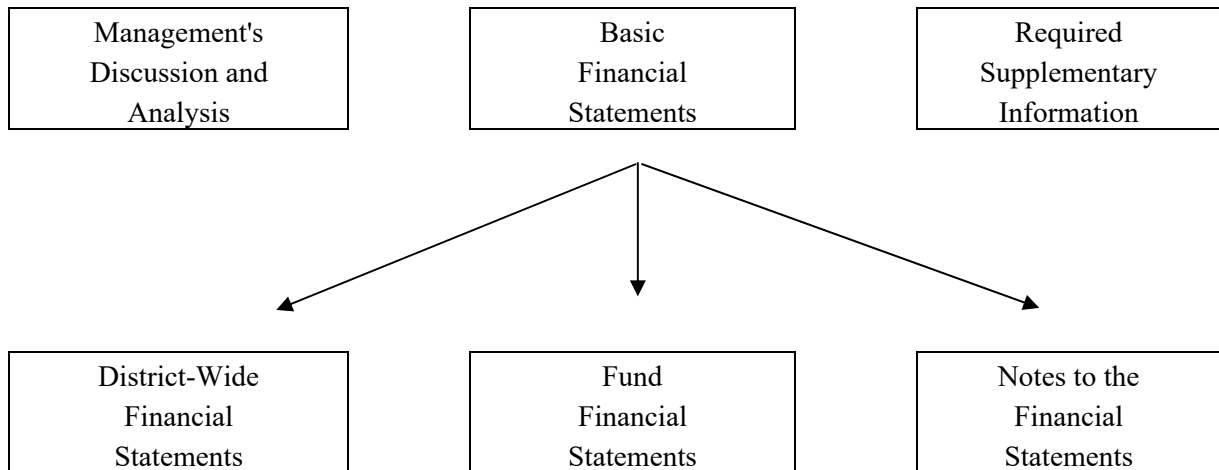


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Wharton Board of Education  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2021**

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

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

**Wharton Board of Education  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2021**

***District-wide Statements***

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

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

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

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

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

***Fund Financial Statements***

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

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

The District has three kinds of funds:

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

**Wharton Board of Education  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2021**

*Notes to the basic 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 basic financial statements can be found immediately following the fund financial statements.

**Financial Analysis of the District as a Whole**

*Net position.* The District's combined net position increased \$2,038,111. Net position from governmental activities increased \$2,051,342 and net position from business-type activities decreased \$13,231. Net investment in capital assets increased \$549,556, restricted net position increased \$1,803,956, and unrestricted net position decreased \$315,401.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2020/21
	2020/21	2019/20*	2020/21	2019/20	2020/21	2019/20*	
Current/Other Assets	\$ 11,768,980	\$ 10,141,484	\$ 145,037	\$ 149,005	\$ 11,914,017	\$ 10,290,489	
Capital Assets	7,997,039	7,696,065	13,027	6,445	8,010,066	7,702,510	
Total Assets	19,766,019	17,837,549	158,064	155,450	19,924,083	17,992,999	10.73%
Deferred Outflows of Resources	439,632	328,720			439,632	328,720	33.74%
Other Liabilities	672,552	476,710	25,520	9,675	698,072	486,385	
Long-term Liabilities	2,374,736	2,650,495	1,635	1,635	2,376,371	2,652,130	
Total Liabilities	3,047,288	3,127,205	27,155	11,310	3,074,443	3,138,515	-2.04%
Deferred Inflows of Resources	554,535	486,578			554,535	486,578	13.97%
Net Position:							
Net Investment in							
Capital Assets	7,324,039	6,781,065	13,027	6,445	7,337,066	6,787,510	
Restricted	11,071,331	9,267,375			11,071,331	9,267,375	
Unrestricted/(Deficit)	(1,791,542)	(1,495,954)	117,882	137,695	(1,673,660)	(1,358,259)	
Total Net Position	\$ 16,603,828	\$ 14,552,486	\$ 130,909	\$ 144,140	\$ 16,734,737	\$ 14,696,626	13.87%

\* Restated

*Changes in Net position.* The District's combined net position was \$16,734,737 on June 30, 2021, or 13.87% more than the year before. (See Figure A-3). Net investment in capital assets increased due to the maturity of serial bonds payable and capital assets additions, offset by current year depreciation. Restricted net position increased primarily due to an increase in the capital reserve. Unrestricted net position decreased primarily due to the changes in the net pension liability and related deferred outflows and inflows of resources.

**Wharton Board of Education  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2021**

**Figure A-4  
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2020/21
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	
Revenue:							
Program Revenue:							
Fees for Services	\$ 82,402	\$ 99,901	\$ 6,083	\$ 83,977	\$ 88,485	\$ 183,878	-51.88%
Operating Grants/ Contributions	5,839,363	5,034,378	214,053	229,743	6,053,416	5,264,121	14.99%
General Revenue:							
Property Taxes Unrestricted	9,721,796	9,545,620			9,721,796	9,545,620	1.85%
Federal/State Aid	4,478,310	4,249,757			4,478,310	4,249,757	5.38%
Other	20,922	50,010	107	581	21,029	50,591	-58.43%
Total Revenue	<u>20,142,793</u>	<u>18,979,666</u>	<u>220,243</u>	<u>314,301</u>	<u>20,363,036</u>	<u>19,293,967</u>	5.54%
Expenses:							
Instruction	10,788,194	11,139,761			10,788,194	11,139,761	-3.16%
Pupil/Instruction Services	4,308,855	3,284,498			4,308,855	3,284,498	31.19%
Administration/ Business	1,718,174	1,647,743			1,718,174	1,647,743	4.27%
Maintenance and Operations	1,003,479	1,081,010			1,003,479	1,081,010	-7.17%
Transportation	230,708	247,932			230,708	247,932	-6.95%
Other	42,041	35,328	233,474	285,603	275,515	320,931	-14.15%
Total Expenses	<u>18,091,451</u>	<u>17,436,272</u>	<u>233,474</u>	<u>285,603</u>	<u>18,324,925</u>	<u>17,721,875</u>	3.40%
Other Item				35,680		35,680	-100.00%
Increase/(Decrease) in Net Position	<u>\$2,051,342</u>	<u>\$1,543,394</u>	<u>\$ (13,231)</u>	<u>\$ 28,698</u>	<u>\$2,038,111</u>	<u>\$1,607,772</u>	26.77%

***Governmental Activities***

The financial position of the District has increased significantly over the course of the year. Through careful budgeting the District has managed to maintain programs including extra-curricular activities, in spite of increased special education, salary and fringe benefit costs.

Careful management of expenses remains essential for the District to sustain its financial health. It is crucial that the District constantly monitors all expenses throughout the fiscal year.



**Wharton Board of Education  
Management’s Discussion and Analysis  
For Fiscal Year Ended June 30, 2021**

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

**Figure A-5  
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2020/21	2019/20	2020/21	2019/20
Instruction	\$ 10,788,194	\$ 11,139,761	\$ 7,050,240	\$ 7,500,678
Pupil and Instruction Services	4,308,855	3,284,498	2,489,323	2,114,520
Administration and Business	1,718,174	1,647,743	1,416,473	1,385,089
Maintenance and Operations	1,003,479	1,081,010	1,003,479	1,081,010
Transportation	230,708	247,932	168,130	185,368
Other	42,041	35,328	42,041	35,328
<b>Total</b>	<b>\$ 18,091,451</b>	<b>\$ 17,436,272</b>	<b>\$ 12,169,686</b>	<b>\$ 12,301,993</b>

***Business-Type Activities***

Net position from the District’s business-type activity decreased \$13,231. This is primarily attributable to a decrease in daily sales as all students were served free meals as part of the Seamless Summer Option program (Refer to Figure A-4).

**Financial Analysis of the District’s Funds**

Significant changes in the student population and difficult economic times have added pressure to the District’s budget. Special education costs continue to escalate with several pupils with disabilities placed in out-of-district programs. These pupils are profoundly disabled and require complex educational and related services our District does not have capacity or personnel to provide.

Fringe benefit costs for all staff continue to increase dramatically.

The District has historically utilized funds from the assigned balance to maintain a 2% tax levy and appropriate funds into the Capital Reserve Fund to continually make upgrades to the buildings.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District will continue to practice sound fiscal management.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

**Wharton Board of Education  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2021**

**Capital Assets**

The District's capital assets increased \$307,556. This is due to the purchase of \$717,776 of capital assets offset by \$410,220 of current year depreciation.

**Figure A-6**

**Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	Change 2020/21
Sites (Land)	\$ 164,279	\$ 164,279			\$ 164,279	\$ 164,279	0.00%
Construction in Progress	960,006	960,006			960,006	960,006	0.00%
Site Improvements	1,009,362	888,034			1,009,362	888,034	13.66%
Buildings/Bldg. Improvements	5,756,241	5,640,572			5,756,241	5,640,572	2.05%
Furniture, Machinery & Equipment	107,151	43,174	\$13,027	\$ 6,445	120,178	49,619	142.20%
<b>Total</b>	<b>\$ 7,997,039</b>	<b>\$ 7,696,065</b>	<b>\$13,027</b>	<b>\$ 6,445</b>	<b>\$ 8,010,066</b>	<b>\$ 7,702,510</b>	<b>3.99%</b>

**Long-term Liabilities**

The District's long-term liabilities decreased \$275,759 or 10.40% as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

**Figure A-7**

**Outstanding Long-Term Liabilities**

	Total School District		Percentage
	2020/21	2019/20	Change 2020/21
General Obligation Bonds (Financed with Property Taxes)	\$ 673,000	\$ 915,000	-26.45%
Net Pension Liability	1,313,118	1,284,794	2.20%
Compensated Absences Payable	390,253	452,336	-13.72%
	<b>\$ 2,376,371</b>	<b>\$ 2,652,130</b>	<b>-10.40%</b>

- The District continued to pay down its debt, retiring \$242,000 of outstanding bonds.
- Net pension liability increased by \$28,324.
- Compensated absences decreased by \$62,083 during the year.

**Wharton Board of Education  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2021**

**Factors Bearing on the District's Future**

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

- Pandemic related purchases, staffing, and services are additional factors which will bear on the District's future.
- The wide range of academic progress and mastery of learning standards existing within cohorts.
- Space in the facility to provide additional services and programs required to combat the impact of the pandemic.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 137 East Central Avenue, Wharton, New Jersey 07885.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WHARTON BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,818,400	\$ 110,650	\$ 1,929,050
Receivable from State Government	144,430	1,498	145,928
Receivable from Federal Government	75,260	24,093	99,353
Receivable from Other Governments	14,568		14,568
Other Accounts Receivable	1,145		1,145
Inventories		8,796	8,796
Restricted Cash and Cash Equivalents	9,715,177		9,715,177
Capital Assets, Net:			
Sites (Land) and Construction in Progress	1,124,285		1,124,285
Depreciable Site Improvements, Buildings, Building Improvements and Furniture, Machinery and Equipment	6,872,754	13,027	6,885,781
Total Assets	<u>19,766,019</u>	<u>158,064</u>	<u>19,924,083</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	439,632		439,632
Total Deferred Outflows of Resources	<u>439,632</u>		<u>439,632</u>
<u>LIABILITIES</u>			
Accounts Payable	353,912	21,356	375,268
Payable to State Government	11,245		11,245
Unearned Revenue	307,395	4,164	311,559
Noncurrent Liabilities:			
Due Within One Year	242,630		242,630
Due Beyond One Year	2,132,106	1,635	2,133,741
Total Liabilities	<u>3,047,288</u>	<u>27,155</u>	<u>3,074,443</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pensions	554,535		554,535
Total Deferred Inflows of Resources	<u>554,535</u>		<u>554,535</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	7,324,039	13,027	7,337,066
Restricted for:			
Capital Projects	7,831,107		7,831,107
Debt Service	16,154		16,154
Maintenance	590,012		590,012
Emergency	250,000		250,000
Excess Surplus	1,340,000		1,340,000
Unemployment Compensation	1,022,062		1,022,062
Student Activities	21,996		21,996
Unrestricted/(Deficit)	(1,791,542)	117,882	(1,673,660)
Total Net Position	<u>\$ 16,603,828</u>	<u>\$ 130,909</u>	<u>\$ 16,734,737</u>

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

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

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 7,150,135	\$ 68,765	\$ 1,865,159	\$ (5,216,211)		\$ (5,216,211)
Special Education	3,239,032		1,703,161	(1,535,871)		(1,535,871)
Other Instruction	399,027		100,869	(298,158)		(298,158)
<b>Support Services:</b>						
Tuition	372,202			(372,202)		(372,202)
Student & Instruction Related Services	3,936,653	13,637	1,805,895	(2,117,121)		(2,117,121)
General Administration Services	569,236		116,177	(453,059)		(453,059)
School Administration Services	611,035		121,769	(489,266)		(489,266)
Central Services	385,031		63,755	(321,276)		(321,276)
Administrative Information Technology	152,872			(152,872)		(152,872)
Plant Operations and Maintenance	1,003,479			(1,003,479)		(1,003,479)
Pupil Transportation	230,708		62,578	(168,130)		(168,130)
Interest on Long-Term Debt	15,086			(15,086)		(15,086)
Charter School	22,553			(22,553)		(22,553)
Capital Outlay	4,402			(4,402)		(4,402)
<b>Total Governmental Activities</b>	<b>18,091,451</b>	<b>82,402</b>	<b>5,839,363</b>	<b>(12,169,686)</b>		<b>(12,169,686)</b>
<b>Business-Type Activities:</b>						
Food Service	233,474	6,083	214,053		\$ (13,338)	(13,338)
<b>Total Business-Type Activities</b>	<b>233,474</b>	<b>6,083</b>	<b>214,053</b>		<b>(13,338)</b>	<b>(13,338)</b>
<b>Total Primary Government</b>	<b>\$ 18,324,925</b>	<b>\$ 88,485</b>	<b>\$ 6,053,416</b>	<b>\$ (12,169,686)</b>	<b>(13,338)</b>	<b>(12,183,024)</b>

WHARTON BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 9,533,574		\$ 9,533,574
Taxes Levied for Debt Service	188,222		188,222
Federal and State Aid not Restricted	4,478,310		4,478,310
Investment Earnings	13,467	\$ 107	13,574
Miscellaneous Income	7,455		7,455
Total General Revenue	14,221,028	107	14,221,135
Change in Net Position	2,051,342	(13,231)	2,038,111
Net Position - Beginning (Restated)	14,552,486	144,140	14,696,626
Net Position - Ending	\$ 16,603,828	\$ 130,909	\$ 16,734,737

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



FUND FINANCIAL STATEMENTS

WHARTON BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 1,576,811	\$ 203,176	\$ 22,259	\$ 16,154	\$ 1,818,400
Receivables from Federal Government		75,260			75,260
Receivables from State Government	144,430				144,430
Receivable from Other Governments	14,568				14,568
Other Accounts Receivable	1,081	64			1,145
Restricted Cash and Cash Equivalents	9,693,181	21,996			9,715,177
<b>Total Assets</b>	<b>\$ 11,430,071</b>	<b>\$ 300,496</b>	<b>\$ 22,259</b>	<b>\$ 16,154</b>	<b>\$ 11,768,980</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 188,628	\$ 62,436			\$ 251,064
Payable to State Government		11,245			11,245
Unearned Revenue		307,395			307,395
<b>Total Liabilities</b>	<b>188,628</b>	<b>381,076</b>			<b>569,704</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve	7,831,107				7,831,107
Maintenance Reserve	590,012				590,012
Emergency Reserve	250,000				250,000
Excess Surplus for 2022-2023	670,000				670,000
Excess Surplus for 2021-2022	670,000				670,000
Debt Service				\$ 16,154	16,154
Unemployment Compensation	1,022,062				1,022,062
Student Activities		21,996			21,996
Committed			\$ 22,259		22,259
<b>Assigned:</b>					
Other Purposes	56,013				56,013
Unassigned/(Deficit)	152,249	(102,576)			49,673
<b>Total Fund Balances/ (Deficit)</b>	<b>11,241,443</b>	<b>(80,580)</b>	<b>22,259</b>	<b>16,154</b>	<b>11,199,276</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,430,071</b>	<b>\$ 300,496</b>	<b>\$ 22,259</b>	<b>\$ 16,154</b>	<b>\$ 11,768,980</b>

WHARTON BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

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

Total Fund Balances - Governmental Funds (Above)	\$ 11,199,276
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	7,997,039
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.	(1,061,618)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(1,313,118)
Certain amounts related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and not reported in the Governmental Funds.	<u>(217,751)</u>
Net Position of Governmental Activities	<u>\$ 16,603,828</u>

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 9,533,574			\$ 188,222	\$ 9,721,796
Tuition from Other LEA's	68,765				68,765
Interest on Capital Reserve	5,263				5,263
Investment Interest	4,345				4,345
Resctricted Miscellaneous Revenue	3,859	\$ 13,637			17,496
Unrestricted Miscellaneous Revenue	7,455				7,455
Total - Local Sources	9,623,261	13,637		188,222	9,825,120
State Sources	7,721,648	1,094,871		68,864	8,885,383
Federal Sources	31,893	775,588			807,481
Total Revenue	17,376,802	1,884,096		257,086	19,517,984
EXPENDITURES:					
Instruction:					
Regular Instruction	4,081,396	239,406			4,320,802
Special Education Instruction	1,728,812	218,656			1,947,468
Other Instruction	220,045				220,045
Support Services and Undistributed Costs:					
Tuition	372,202				372,202
Student & Instruction Related Services	1,515,150	1,671,652			3,186,802
General Administration Services	366,329				366,329
School Administration Services	383,022				383,022
Central Services	255,111				255,111
Administrative Information Technology	131,457				131,457
Plant Operations and Maintenance	966,688				966,688
Pupil Transportation	169,585				169,585
Unallocated Benefits	4,758,475				4,758,475
Capital Outlay	705,857				705,857
Debt Service:					
Principal				242,000	242,000
Interest and Other Charges				15,086	15,086
Transfer of Funds to Charter Schools	22,553				22,553
Total Expenditures	15,676,682	2,129,714		257,086	18,063,482
Excess/(Deficiency) of Revenue over/ (under) Expenditures	1,700,120	(245,618)			1,454,502
OTHER FINANCING SOURCES/(USES):					
Transfer In		222,496			222,496
Transfer Out	(222,496)				(222,496)
Total Other Financing Sources/(Uses)	(222,496)	222,496			
Net Change in Fund Balances	1,477,624	(23,122)			1,454,502
Fund Balance/(Deficit) - July 1 (Restated)	9,763,819	(57,458)	\$ 22,259	16,154	9,744,774
Fund Balance/(Deficit) - June 30	\$ 11,241,443	\$ (80,580)	\$ 22,259	\$ 16,154	\$ 11,199,276

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

WHARTON BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 1,454,502

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

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and deletions differ from depreciation in the period.

Depreciation Expense	\$ (408,788)	
Capital Outlays	<u>709,762</u>	300,974

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

62,083

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)

242,000

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

Change in Net Pension Liability	(28,324)
Changes in Deferred Outflows and Inflows Related to Pensions	<u>20,107</u>

Change in Net Position - Governmental Activities (from A-2)

\$ 2,051,342

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

WHARTON BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 110,650
Intergovernmental Accounts Receivable:	
Federal	24,093
State	1,498
Inventories	8,796
Total Current Assets	<u>145,037</u>
Non-Current Assets:	
Capital Assets	57,975
Less: Accumulated Depreciation	<u>(44,948)</u>
Total Non-Current Assets	<u>13,027</u>
Total Assets	<u>158,064</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable - Vendors	21,356
Unearned Revenue - Prepaid Sales	857
Unearned Revenue - Donated Commodities	3,307
Total Current Liabilities	<u>25,520</u>
Non-Current Liabilities:	
Compensated Absences Payable	<u>1,635</u>
Total Liabilities	<u>27,155</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	13,027
Unrestricted	<u>117,882</u>
Total Net Position	<u>\$ 130,909</u>

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

WHARTON BOARD OF EDUCATION  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 6,083
Total Operating Revenue	<u>6,083</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	68,598
Salaries	94,468
Benefits & Payroll Taxes	20,431
Management Fee	10,200
Miscellaneous Expenses	38,345
Depreciation Expense	1,432
Total Operating Expenses	<u>233,474</u>
Operating Loss	(227,391)
Non-Operating Income:	
Local Sources:	
Interest Income	107
State Sources:	
Seamless Summer Option	8,197
Federal Sources:	
Seamless Summer Option	194,291
Food Distribution Program	11,565
Total Non-Operating Income	<u>214,160</u>
Change in Net Position	(13,231)
Net Position - Beginning of Year	<u>144,140</u>
Net Position - End of Year	<u>\$ 130,909</u>

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

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

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 917
Payments to Employees	(18,186)
Payments to Food Service Vendor	(165,244)
Payments to Suppliers	(16,402)
Net Cash Used for Operating Activities	(198,915)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(8,014)
Net Cash Used for Capital and Related Financing Activities	(8,014)
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interest Revenue	107
State Sources:	
Seamless Summer Program	6,816
Federal Sources:	
Seamless Summer Program	182,316
Net Cash Provided by Noncapital Financing Activities	189,239
Net Decrease in Cash and Cash Equivalents	(17,690)
Cash and Cash Equivalents, July 1	128,340
Cash and Cash Equivalents, June 30	\$ 110,650
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (227,391)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	1,432
Food Distribution Program	11,565
Changes in Assets and Liabilities:	
(Decrease) in Inventory	(366)
(Decrease) in Unearned Revenue - Donated Commodities	(345)
(Decrease) in Unearned Revenue - Prepaid Sales	(5,166)
Increase in Accounts Payable	21,356
Net Cash Used for Operating Activities	\$ (198,915)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received USDA Donated Commodities through the Food Distribution Program valued at \$11,220 and utilized U.S.D.A Commodities valued at \$11,565 for the fiscal year ended June 30, 2021.

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



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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

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

B. Basis of Presentation: (Cont'd)

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

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

(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1.

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

(Continued)

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

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

All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

The Capital Projects budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants. Grants are recognized in full the year the grants are awarded on the budgetary basis; but, are not recognized on the GAAP basis until they are expended and submitted for reimbursement.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 17,398,465	\$ 1,888,176
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP basis does not.		
Prior Year Encumbrances		10,399
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	481,490	88,097
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(503,153)	(102,576)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 17,376,802	\$ 1,884,096

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,676,682	\$ 2,119,315
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.		10,399
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 15,676,682	\$ 2,129,714
		Capital Projects Fund
Committed Fund Balance - Budgetary Basis		\$ 38,525
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable not Recognized on GAAP Basis		(16,266)
Fund Balance per Governmental Funds (GAAP)		\$ 22,259

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

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

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

(Continued)

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

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

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

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

J. Inventories and Prepaid Expenses:

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

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

K. Capital Assets:

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

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

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

	Estimated Useful Life
Buildings and Building Improvements	50 years
Site Improvements	20 years
Furniture, Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond premiums as revenue in 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.

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

(Continued)

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year.

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after ten years of service. These employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's applicable employee contracts/agreements.

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$11,241,443 General Fund balance at June 30, 2021, \$56,013 is assigned for year end encumbrances; \$152,249 is unassigned fund balance, which is \$503,153 less than the budgetary year end fund balance due to the final two state aid payments which are not recognized until the following fiscal year; \$7,831,107 is restricted in the capital reserve account; \$590,012 is restricted in the maintenance reserve account; \$250,000 is restricted in the emergency reserve account; \$670,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, C.73(S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2023; \$670,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the year ended June 30, 2022; \$1,022,062 is restricted for unemployment compensation.

Special Revenue Fund: Of the (\$80,580) deficit fund balance in the Special Revenue Fund at June 30, 2021, \$21,996 is restricted for student activities and (\$102,576) is a deficit in unassigned fund balance. The deficit is due to the last two state aid payments, which are not recognized on a GAAP basis until the fiscal year ended June 30, 2022.

Capital Projects Fund: The \$22,259 fund balance in the Capital Projects Fund at June 30, 2021 is committed.

Debt Service Fund: The \$16,154 fund balance in the Debt Service Fund at June 30, 2021 is restricted.



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

(Continued)

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

P. Fund Balance Appropriated (Cont'd):

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

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Position:

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

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

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

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

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

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

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

(Continued)

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

R. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for excess surplus, a capital reserve, an emergency reserve, a maintenance reserve, debt service, unemployment compensation and student activities.

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

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

S. Deficit Fund Balance/Net Position:

The District has a deficit in the unrestricted net position of \$1,791,542 in its governmental activities, which is primarily due to net pension liability and the related deferred inflows and outflows and compensated absences. The District has a \$102,576 deficit unassigned fund balance in the Special Revenue Fund due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2022. These deficits do not indicate that the District is in financial difficulties and are a permitted practice under generally accepted accounting principles.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

(Continued)

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

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

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

Credit Risk – The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

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

(Continued)

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

Investments: (Cont'd)

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

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

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

Investments: (Cont'd)

- (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
- (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents					Total
		Capital Reserve	Maintenance Reserve	Emergency Reserve	Unemployment Compensation	Student Activities	
Checking & Savings New Jersey Cash Management Fund	\$ 1,920,053	\$ 7,831,107	\$ 590,012	\$ 250,000	\$ 1,022,062	\$ 21,996	\$ 11,635,230
	8,997						8,997
	<u>\$ 1,929,050</u>	<u>\$ 7,831,107</u>	<u>\$ 590,012</u>	<u>\$ 250,000</u>	<u>\$ 1,022,062</u>	<u>\$ 21,996</u>	<u>\$ 11,644,227</u>

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$11,644,227 and the bank balance was \$12,210,344. The \$8,997 balance in the New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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

Balance at June 30, 2020		\$ 6,022,367
Increased By Board Resolution June 29, 2021	\$ 2,438,854	
Interest Earned	5,263	
Unexpended Withdrawal Returned to Capital Reserve	26,025	
		2,470,142
		8,492,509
Budgeted Withdrawal		(661,402)
Balance at June 30, 2021		\$ 7,831,107

The balance in the capital reserve account at June 30, 2021 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP"). The withdrawal from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. CAPITAL ASSETS

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

	Balance 6/30/2020	Increases	Adjustments/ Decreases	Balance 6/30/2021
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 164,279			\$ 164,279
Construction in Progress	960,006			960,006
Total Capital Assets not Being Depreciated	1,124,285			1,124,285
Capital Assets Being Depreciated:				
Site Improvements	1,402,182	\$ 192,596		1,594,778
Buildings and Building Improvements	11,976,398	438,379		12,414,777
Machinery and Equipment	160,553	78,787		239,340
Total Capital Assets Being Depreciated	13,539,133	709,762		14,248,895
Governmental Activities Capital Assets	14,663,418	709,762		15,373,180
Less Accumulated Depreciation for:				
Site Improvements	(514,148)	(71,268)		(585,416)
Buildings and Building Improvements	(6,335,826)	(322,710)		(6,658,536)
Machinery and Equipment	(117,379)	(14,810)		(132,189)
Total Accumulated Depreciation	(6,967,353)	(408,788)		(7,376,141)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 7,696,065	\$ 300,974	\$ - 0 -	\$ 7,997,039

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

	<u>Balance</u> <u>6/30/2020</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Balance</u> <u>6/30/2021</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 49,961	\$ 8,014		\$ 57,975
Less Accumulated Depreciation	<u>(43,516)</u>	<u>(1,432)</u>		<u>(44,948)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>6,445</u>	<u>6,582</u>	<u>\$ - 0 -</u>	<u>13,027</u>
GRAND TOTAL	<u>\$ 7,702,510</u>	<u>\$ 307,556</u>	<u>\$ - 0 -</u>	<u>\$ 8,010,066</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 171,694
Special Education	77,670
Other Instruction	12,263
Student and Related Services	57,230
General Administration	16,351
School Administration	12,263
Central Services	8,175
Administrative Information Technology	4,088
Plant Operations and Maintenance	36,791
Pupil Transportation	<u>12,263</u>
	<u>\$ 408,788</u>

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District made transfers into capital outlay accounts for equipment which did not require approval of the County Superintendent.

NOTE 7. LONG-TERM LIABILITIES:

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

	<u>Balance</u> <u>6/30/2020</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2021</u>
Compensated Absences Payable	\$ 452,336		\$ 62,083	\$ 390,253
Net Pension Liability	1,284,794	\$ 28,324		1,313,118
Bonds Payable	<u>915,000</u>		<u>242,000</u>	<u>673,000</u>
	<u>\$ 2,652,130</u>	<u>\$ 28,324</u>	<u>\$ 304,083</u>	<u>\$ 2,376,371</u>



WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable:

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

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

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
School Refunding Bonds	7/1/2023	1.900%	<u>\$ 673,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 231,000	\$ 10,593	\$ 241,593
2023	226,000	6,251	232,251
2024	216,000	2,052	218,052
	<u>\$ 673,000</u>	<u>\$ 18,896</u>	<u>\$ 691,896</u>

On April 30, 2015, the Wharton Board of Education issued \$1,996,000 refunding bonds with an interest rate of 1.90% to advance refund \$1,930,000 school bonds with interest rates of 3.75% to 4.00%. The refunding bonds mature on July 1, 2015 through 2023. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements. As a result of the refunding, the District reduced its total debt service requirement by \$147,359, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$135,916, or a 6.809% net present value savings.

B. Bonds Authorized But Not Issued:

As of June 30, 2021, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

The District did not have any capital leases payable at June 30, 2021.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability and will be liquidated through the General Fund. The current portion of the compensated absences balance of the governmental funds is \$11,630 and \$376,988 represents the long-term liability balance of compensated absences.

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

D. Compensated Absences Payable: (Cont'd)

The \$1,635 compensated absences liability in the District's Enterprise Fund is long-term.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$-0- and the long-term portion is \$1,313,118. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65.

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$88,088 for fiscal year 2021.

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

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

At June 30, 2021, the District reported a liability of \$1,313,118 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.008%, which was an increase of 0.001% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$96,306. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57	\$ 42,599	
	2017	5.48		\$ 124,298
	2018	5.63		121,944
	2019	5.21		96,841
	2020	5.16		206,732
				<u>42,599</u>
Changes in Proportion	2016	5.57		76
	2017	5.48	21,769	
	2018	5.63	13,487	
	2019	5.21	22,808	
	2020	5.16	167,328	
				<u>225,392</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(16,068)	
	2018	5.00	(14,903)	
	2019	5.00	3,606	
	2020	5.00	72,248	
			<u>44,883</u>	
Difference Between Expected and Actual Experience	2016	5.57	1,292	
	2017	5.48	3,697	
	2018	5.63		4,644
	2019	5.21	7,403	
	2020	5.16	11,518	
			<u>23,910</u>	<u>4,644</u>
District Contribution Subsequent to the Measurement Date	2020	1.00	102,848	
			<u>\$ 439,632</u>	<u>\$ 554,535</u>

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (164,773)
2022	(150,222)
2023	(85,848)
2024	(34,716)
2025	(7,508)
	\$ (443,067)

Actuarial Assumptions

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

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

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

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

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

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

Discount Rate

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

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 1,649,335	\$ 1,313,118	\$ 1,022,452

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021, the State of New Jersey contributed \$1,558,943 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,281,341.

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

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$36,686,797. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.0557%, which was a decrease of 0.0008% from its proportion measured as of June 30, 2019.



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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>36,686,797</u>
Total	\$	<u>36,686,797</u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$2,281,341 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

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

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

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows: will be amortized over 5 years.

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

Actuarial Assumptions

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

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

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

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

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

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

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

Discount Rate – TPAF

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

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 43,092,940	\$ 36,686,797	\$ 31,367,571

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$18,504 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$26,440 for the fiscal year ended June 30, 2021.

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

(Continued)

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health benefit coverage through the NJ State Health Benefits Plan.

Property and Liability

The District maintains coverage for student accident and surety bonds. 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 School Alliance Insurance Fund ("SAIF") and the New Jersey Schools Insurance Group ("NJSIG"). The SAIF provides the District with comprehensive general liability, automobile liability, property, and boiler and machinery insurance. The NJSIG provides the District with workers' compensation insurance.

The SAIF and NJSIG are risk-sharing public entity risk pools that are insured and self-administered groups of school districts established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the SAIF and NJSIG are elected.

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

The June 30, 2021 financial information for the SAIF and NJSIG are not available as of the date of this report. Selected, summarized financial information as of June 30, 2020 is as follows:

	<u>NJ Schools Insurance Group</u>	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 388,055,408	\$ 51,526,293
Net Position	\$ 139,233,105	\$ 20,539,909
Total Revenue	\$ 144,445,665	\$ 43,264,716
Total Expenses	\$ 113,037,156	\$ 41,642,794
Change in Net Position	\$ 31,408,509	\$ 1,621,922
Members Dividends	\$ - 0 -	\$ - 0 -

Financial statements for the SAIF and NJSIG are available at their respective Executive Director's Office:

SAIF:  
 Risk and Loss Managers Inc.  
 51 Everett Drive Suite 40B  
 West Windsor, NJ 08550  
 (609) 275-1140

NJSIG:  
 6000 Midlantic Drive  
 Suite 300 North  
 Mount Laurel, New Jersey 08054  
 (609) 386-6060

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the unemployment compensation restricted fund balance 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 interest earnings and District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s unemployment compensation restricted fund balance for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ 967	\$ 12,151	\$ 9,259	\$ 1,022,062
2019-2020	5,644	12,230	5,401	1,018,203
2018-2019	240,052	12,360	21,484	1,005,730

NOTE 10. ECONOMIC DEPENDENCY

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

NOTE 11. DEFERRED COMPENSATION

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

AXA Equitable	Lincoln National Insurance
Metropolitan Life Insurance	VALIC

NOTE 12. CONTINGENT LIABILITIES

Litigation

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

Grant Programs

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

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 12. CONTINGENT LIABILITIES (Cont'd)

Arbitrage

The District is not subject to liability for arbitrage payable to the federal government relative to its \$1,996,000 Refunding School Bonds dated April 30, 2015 as the District is considered a small issuer with debt under \$15,000,000.

Encumbrances

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

	Governmental Activities		
	General Fund	Special Revenue Fund	Total Governmental Funds
Vendors	\$ 56,013	\$ -0-	\$ 56,013

NOTE 13. TAX CALENDAR

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

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

NOTE 14. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$104,000 was established by inclusion of \$104,000 in the 2009-2010 budget. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building. Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account.

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 14. MAINTENANCE RESERVE ACCOUNT (Cont'd)

In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget.

The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Balance at June 30, 2020	\$	590,012
Balance at June 30, 2021	\$	<u>590,012</u>

NOTE 15. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution by inclusion of \$250,000 for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated General Fund expenditures required for a through and efficient education. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the General Fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution between June 1<sup>st</sup> and June 30<sup>th</sup> of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school improvements pursuant to N.J.S.A. 18A:7G-6(c)1. The balance as of June 30, 2021 is \$250,000.

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2021:

	Governmental Funds		Total Governmental Funds	District	Total Governmental Activities	Business-Type
	Special Revenue Fund	General Fund		Contribution Subsequent to the Measurement Date		Proprietary Funds
Vendors	\$ 62,436	\$ 11,646	\$ 74,082		\$ 74,082	\$ 21,356
Payroll Deductions and Withholdings		26,588	26,588		26,588	
Accrued Salaries & Wages		150,394	150,394		150,394	
Due date of New Jersey				\$ 102,848	102,848	
	<u>\$ 62,436</u>	<u>\$ 188,628</u>	<u>\$ 251,064</u>	<u>\$ 102,848</u>	<u>\$ 353,912</u>	<u>\$ 21,356</u>



WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

Employees Covered by Benefit Terms

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

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

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

(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont.)

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018.

Actuarial Assumptions and Other Inputs

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

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

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

Mortality Rates

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

Health Care Trend Assumptions

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

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

(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont.)

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

Discount Rate

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

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

	Total OPEB Liability
Balance at June 30, 2018	\$ 21,669,296
Changes for Year:	
Service Cost	816,826
Interest on the Total OPEB Liability	858,804
Difference between Expected and Actual Experiences	(3,064,560)
Changes of Assumptions	297,949
Gross Benefit Payments by the State	(613,421)
Contributions from Members	18,184
Net Changes	(1,686,218)
Balance at June 30, 2019	\$ 19,983,078

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 23,607,912	\$ 19,983,078	\$ 17,103,709

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

(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont.)

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 16,465,166	\$ 19,983,078	\$ 24,640,072

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$400,255 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 2,326,433
Changes in Assumptions	2018	9.51		2,001,048
	2019	9.29	\$ 265,877	
			265,877	4,327,482
Differences Between Expected and Actual Experience	2018	9.51		1,891,613
	2019	9.29		3,129,391
				5,021,004
Changes in Proportion	N/A	N/A	\$ 485,869	980,895
			\$ 751,746	\$ 10,329,381

N/A - Not Available

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont.)

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (1,219,472)
2021	(1,219,472)
2022	(1,219,472)
2023	(1,219,472)
2024	(1,219,472)
Thereafter	(2,985,249)
	\$ (9,082,609)

NOTE 18. TAX ABATEMENTS

As of December 31, 2020, the Borough provides a tax abatement to a redeveloper for its 248 residential apartment unit property in the Borough pursuant to N.J.S.A 40A:20-1 et seq., the Long Term Tax Exemption Law, and a financial agreement between the Borough and the redeveloper. The agreement is for a period of 30 years. 2011 was the first year in which the payments under this agreement was effective. In consideration of the Borough granting the redeveloper this tax abatement the developer will be required to pay to the Borough an annual service charge as follows: Stage One (years 1-15) – the annual service charge will be the greater of the minimum annual service charge or 10% of gross revenue; Stage Two (years 16-21) – the annual service charge as defined in Stage One or 20% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 3 (years 22-27) - – the annual service charge as defined in Stage One or 40% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 4 (years 28-29) - – the annual service charge as defined in Stage One or 60% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 5 (year 30) - – the annual service charge as defined in Stage One or 80% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater.

The minimum annual service charge per the agreement shall be the amount of total taxes levied against all real property in the area covered under this tax abatement in the last full tax year in which that area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the other provisions of the financial agreement would result in less than the minimum annual service charge being paid. In the event that the net profits on the redevelopment property exceed the allowable net profits for such period the redeveloper shall pay such excess net profits to the Borough as an additional service charge. Additionally, the Borough shall remit to the County of Morris on a quarterly basis, 5% of the Annual Service Charge received from the redeveloper in accordance with N.J.S.A. 40A:20-12b. The Borough recognized revenue in the amount of \$595,790 from this annual service charge or payment in lieu of taxes recorded as miscellaneous revenue not anticipated in the Current Fund. The taxes which would have been paid on this property for 2020 without the abatement would have been \$996,764 of which 424,162 would have been for the local District school tax.

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 18. TAX ABATEMENTS (Cont'd)

In the event that the redeveloper fails to make the required Annual Service Charge payment within the required period of time which would constitute a breach of the agreement, the Borough has the right as one of the allowable remedies to proceed against the redeveloper pursuant to the In-Rem Foreclosure Act. Upon the termination or expiration of this agreement the property under this agreement shall be assessed and taxed as applicable to other taxable property within the Borough.

NOTE 19. PRIOR PERIOD ADJUSTMENT

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

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 13,503,644	\$ 1,048,842	\$ 14,552,486
<u>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	8,745,616	1,018,203	9,763,819
Special Revenue Fund:			
Fund Balance - June 30	(88,097)	30,639	(57,458)
<u>Statement of Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	1,018,203	(1,018,203)	-0-
Student Activity Agency Fund:			
Net Position - End of the Year	30,639	(30,639)	-0-

WHARTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(Continued)

NOTE 20. SUBSEQUENT EVENT

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

The District's Food Service Enterprise Fund likely will be impacted by COVID-19 for the fiscal year ending June 30, 2022. The District serves more than 50 percent free and reduced meals to students and qualified for the SSO waiver allowing all students to receive free meals.

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION



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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0070699927%	0.0064729489%	0.0064692621%	0.0068389966%	0.0069669858%	0.0071304218%	0.0080522908%
District's proportionate share of the net pension liability	\$ 1,323,696	\$ 1,453,047	\$ 1,916,010	\$ 1,592,009	\$ 1,371,765	\$ 1,284,794	\$ 1,313,118
District's covered employee payroll	415,449	423,928	458,576	421,918	374,542	490,840	530,714
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	318.62%	342.76%	417.82%	377.33%	366.25%	261.75%	247.42%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 58,284	\$ 55,650	\$ 58,632	\$ 65,685	\$ 70,022	\$ 70,208	\$ 88,088
Contributions in relation to the contractually required contributor:	<u>(58,284)</u>	<u>(55,650)</u>	<u>(58,632)</u>	<u>(65,685)</u>	<u>(70,022)</u>	<u>(70,208)</u>	<u>(88,088)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 423,928	\$ 458,576	\$ 421,918	\$ 374,542	\$ 490,840	\$ 530,714	\$ 522,827
Contributions as a percentage of covered employee payroll	13.75%	12.14%	13.90%	17.54%	14.27%	13.23%	16.85%

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

WHARTON BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.0496142880%	0.0496142880%	0.0536104240%	0.0558708368%	0.0556483733%	0.0564506103%	0.0557136940%
State's proportionate share of the net pension liability attributable to the District	\$ 31,358,349	\$ 31,358,349	\$ 42,173,373	\$ 37,670,151	\$ 35,402,298	\$ 34,644,272	\$ 36,686,797
District's covered employee payroll	\$ 5,282,418	\$ 5,282,418	\$ 5,608,402	\$ 5,638,943	\$ 5,956,268	\$ 5,871,431	\$ 6,145,514
State's proportionate share of the net pension liability attributable to the district as a percentage of the District's covered employee payroll	593.64%	593.64%	751.97%	668.04%	594.37%	590.05%	596.97%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 1,529,466	\$ 1,914,710	\$ 3,168,742	\$ 2,609,597	\$ 2,063,830	\$ 2,043,412	\$ 2,281,341
Contributions in relation to the contractually required contributor	(268,233)	(429,226)	(604,464)	(819,504)	(1,110,248)	(1,222,015)	(1,558,943)
Contribution deficiency/(excess)	<u>\$ 1,261,233</u>	<u>\$ 1,485,484</u>	<u>\$ 2,564,278</u>	<u>\$ 1,790,093</u>	<u>\$ 953,582</u>	<u>\$ 821,397</u>	<u>\$ 722,398</u>
District's covered employee payroll	\$ 5,282,418	\$ 5,608,402	\$ 5,638,943	\$ 5,956,268	\$ 5,871,431	\$ 6,145,514	\$ 5,925,235
Contributions as a percentage of covered employee payroll	7.65%	10.72%	13.76%	18.91%	19.88%	19.88%	26.31%

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

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

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 1,137,954	\$ 947,043	\$ 816,826
Interest on the Total OPEB Liability	833,055	965,390	858,804
Difference between Expected and Actual Experiences		(3,493,475)	(3,064,560)
Changes in Assumptions	(3,471,269)	(2,486,660)	297,949
Contributions from Members	22,428	20,026	18,184
Gross Benefit Payments by the State	(609,080)	(579,429)	(613,421)
Net Change in Total OPEB Liability	(2,086,912)	(4,627,105)	(1,686,218)
Total OPEB Liability - Beginning	28,383,313	26,296,401	21,669,296
Total OPEB Liability - Ending	<u>\$ 26,296,401</u>	<u>\$ 21,669,296</u>	<u>\$ 19,983,078</u>
District's Covered Employee Payroll *	\$ 5,706,346	\$ 6,066,978	\$ 6,060,861
Total OPEB Liability as a Percentage of Covered Employee Payroll	461%	357%	330%

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

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

WHARTON BOARD OF EDUCATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

WHARTON BOARD OF EDUCATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

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

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

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

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

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

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

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

BUDGETARY COMPARISON SCHEDULES



WHARTON BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 9,533,574		\$ 9,533,574	\$ 9,533,574	
Tuition	60,000		60,000	68,765	\$ 8,765
Interest on Capital Reserve	1		1	5,263	5,262
Interest on Maintenance Reserve	1		1	(1)	(1)
Restricted Miscellaneous Revenues				3,859	3,859
Unrestricted Miscellaneous Revenue	90,018		90,018	11,800	(78,218)
<b>Total - Local Sources</b>	<b>9,683,594</b>		<b>9,683,594</b>	<b>9,623,261</b>	<b>(60,333)</b>
State Sources:					
Equalization Aid	4,040,118	\$ (400,924)	3,639,194	3,639,194	
Transportation Aid	62,576		62,576	62,576	
Special Education Aid	647,293		647,293	647,293	
Security Aid	242,102		242,102	242,102	
School Choice Aid	495,495	22,455	517,950	517,950	
Extraordinary Aid				102,630	102,630
Extraordinary Aid - Prior year Excess				17,373	17,373
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				1,558,943	1,558,943
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				29,661	29,661
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				873	873
TPAF Post Retirement (On-Behalf - Non-Budgeted)				497,844	497,844
TPAF Social Security (Reimbursed - Non-Budgeted)				426,872	426,872
<b>Total State Sources</b>	<b>5,487,584</b>	<b>(378,469)</b>	<b>5,109,115</b>	<b>7,743,311</b>	<b>2,634,196</b>
Federal Sources:					
Medicaid Reimbursement	32,165		32,165	31,893	(272)
<b>Total Federal Sources</b>	<b>32,165</b>		<b>32,165</b>	<b>31,893</b>	<b>(272)</b>
<b>TOTAL REVENUE</b>	<b>15,203,343</b>	<b>(378,469)</b>	<b>14,824,874</b>	<b>17,398,465</b>	<b>2,573,591</b>

WHARTON BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Preschool - Sal of Teachers	\$ 4,500	\$ (4,500)	\$ 197,536	\$ 193,289	\$ 4,247
Kindergarten - Salaries of Teachers	183,281	14,255	2,106,469	1,777,996	328,473
Grades 1-5 - Salaries of Teachers	2,116,224	(9,755)	1,472,150	1,451,476	20,674
Grades 6-8 - Salaries of Teachers	1,472,150				
Regular Programs - Home Instruction:					
Salaries of Teachers	13,000		13,000	2,336	10,664
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	87,654	(3,000)	84,654	45,354	39,300
Purchased Professional - Educational Services	29,380	(3,000)	26,380	20,748	5,632
Purchased Technical Services	23,796	3,000	26,796	21,761	5,035
Other Purchased Services (400-500 series)	243,000	(10,935)	232,065	103,219	128,846
General Supplies	633,050	(49,281)	583,769	410,286	173,483
Textbooks	178,368	1	178,369	54,931	123,438
<b>Total Regular Programs - Instruction</b>	<b>4,984,403</b>	<b>(63,215)</b>	<b>4,921,188</b>	<b>4,081,396</b>	<b>839,792</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	66,977		66,977	50,065	16,912
Other Salaries for Instruction	34,527	3,000	37,527	35,128	2,399
General Supplies	3,000		3,000	1,531	1,469
<b>Total Learning and/or Language Disabilities</b>	<b>104,504</b>	<b>3,000</b>	<b>107,504</b>	<b>86,724</b>	<b>20,780</b>
Multiple Disabilities:					
Salaries of Teachers	133,879	19,000	152,879	137,833	15,046
Other Salaries for Instruction	108,680	(19,000)	89,680	76,660	13,020
Purchased Professional - Educational Services	4,000		4,000	2,969	1,031
General Supplies	9,000		9,000	4,074	4,926
<b>Total Multiple Disabilities</b>	<b>255,559</b>		<b>255,559</b>	<b>221,536</b>	<b>34,023</b>

WHARTON BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Special Education - Instruction: (Cont'd)					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,278,815	\$ (1,088)	\$ 1,277,727	\$ 1,180,329	\$ 97,398
Other Salaries for Instruction	99,083	1,088	100,171	96,406	3,765
General Supplies	2,700		2,700	1,810	890
Textbooks	900		900		900
Total Resource Room/Resource Center	1,381,498		1,381,498	1,278,545	102,953
Preschool Disabilities - Part-Time:					
Salaries of Teachers	91,760		91,760		91,760
Total Preschool Disabilities - Part-Time	91,760		91,760		91,760
Preschool Disabilities - Full-Time:					
Salaries of Teachers	93,760	15,000	108,760	93,931	14,829
Other Salaries for Instruction	69,432	(15,000)	54,432	44,358	10,074
Purchased Professional - Educational Services	2,500		2,500	2,429	71
Other Purchased Services (400-500 series)	1,000		1,000		1,000
General Supplies	5,000		5,000	1,289	3,711
Total Preschool Disabilities - Full-Time	171,692		171,692	142,007	29,685
Total Special Education - Instruction	2,005,013	3,000	2,008,013	1,728,812	279,201
Bilingual Education - Instruction:					
Salaries of Teachers	180,370		180,370	180,370	
General Supplies	250		250	196	54
Total Bilingual - Instruction	180,620		180,620	180,566	54

WHARTON BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
School-Sponsored Cocurricular/Extracurricular Activities - Instruction:					
Salaries	\$ 70,000		\$ 70,000	\$ 17,720	\$ 52,280
Supplies and Materials	4,500		4,500	449	4,051
Other Objects	4,500		4,500	181	4,319
<b>Total School-Sponsored Cocurricular/Extracurricular Activities - Instruction</b>	<b>79,000</b>		<b>79,000</b>	<b>18,350</b>	<b>60,650</b>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	35,000		35,000	7,886	27,114
Purchased Services (300-500 series)	15,000		15,000		15,000
Supplies and Materials	5,500		5,500	1,298	4,202
Other Objects	800		800		800
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<b>56,300</b>		<b>56,300</b>	<b>9,184</b>	<b>47,116</b>
Other Instructional Programs - Instruction:					
Salaries	33,000		33,000	5,191	27,809
Purchased Services (300-500 series)	18,000		18,000		18,000
Other Objects	5,000		5,000	2,600	2,400
<b>Total Other Instructional Programs - Instruction</b>	<b>56,000</b>		<b>56,000</b>	<b>7,791</b>	<b>48,209</b>
Before/After School Programs - Instruction:					
Salaries	43,000		43,000	4,154	38,846
<b>Total Before/After School Programs - Instruction</b>	<b>43,000</b>		<b>43,000</b>	<b>4,154</b>	<b>38,846</b>
<b>Total Instruction</b>	<b>7,404,336</b>	<b>\$ (60,215)</b>	<b>7,344,121</b>	<b>6,030,253</b>	<b>1,313,868</b>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs within State Regular		30,833	30,833	30,833	
Tuition to Other LEAs Within the State - Special	76,000	(20,000)	56,000	55,707	293
Tuition to Private Schools for the Handicapped - Within State	198,035	88,500	286,535	285,662	873
<b>Total Undistributed Expenditures - Instruction</b>	<b>274,035</b>	<b>99,333</b>	<b>373,368</b>	<b>372,202</b>	<b>1,166</b>

WHARTON BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures:					
Attendance & Social Work:					
Salaries	\$ 19,882		\$ 19,882	\$ 19,806	\$ 76
Total Attendance & Social Work	<u>19,882</u>		<u>19,882</u>	<u>19,806</u>	<u>76</u>
Health Services:					
Salaries	89,610		89,610	85,060	4,550
Purchased Professional and Technical Services	13,000		13,000	7,925	5,075
Supplies and Materials	2,034		2,034	1,916	118
Total Health Services	<u>104,644</u>		<u>104,644</u>	<u>94,901</u>	<u>9,743</u>
Speech, OT, PT and Related Services:					
Salaries	179,548	\$ 90,104	269,652	269,652	
Purchased Professional - Educational Services	170,896	(116,104)	54,792	35,100	19,692
Supplies and Materials	500	1,000	1,500	136	1,364
Total Other Support Services - Students - Related Services	<u>350,944</u>	<u>(25,000)</u>	<u>325,944</u>	<u>304,888</u>	<u>21,056</u>
Other Support Services - Students - Extra Services:					
Salaries	66,742		66,742	49,284	17,458
Total Other Support Services - Students - Extra Services	<u>66,742</u>		<u>66,742</u>	<u>49,284</u>	<u>17,458</u>
Guidance:					
Salaries of Other Professional Staff	173,599		173,599	158,243	15,356
Salaries of Secretarial and Clerical Assistants	55,897		55,897	53,570	2,327
Other Purchased Professional and Technical Services	500		500		500
Other Purchased Services (400-500 series)	100		100		100
Supplies and Materials	1,600		1,600	431	1,169
Total Guidance	<u>231,696</u>		<u>231,696</u>	<u>212,244</u>	<u>19,452</u>

WHARTON BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 88,204	\$ 8,560	\$ 96,764	\$ 95,396	\$ 1,368
Salaries of Secretarial and Clerical Assistants	37,665	901	38,566	38,566	
Purchased Professional - Educational Services	640,155	(93,227)	546,928	456,503	90,425
Purchased Technical Services	4,900	17,933	22,833		22,833
Other Purchased Services (400-500 series)	851		851	220	631
Supplies and Materials	7,150		7,150	4,971	2,179
Other Objects	470		470		470
<b>Total Child Study Teams</b>	<b>779,395</b>	<b>(65,833)</b>	<b>713,562</b>	<b>595,656</b>	<b>117,906</b>
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	103,858	(20,575)	83,283	83,283	
Salaries of Other Professional Staff	17,200		17,200	2,250	14,950
Purchased Professional - Educational Services	34,000	(9,763)	24,237	1,255	22,982
Supplies and Materials	350	1,000	1,350	844	506
Other Objects	950		950		950
<b>Total Improvement of Instructional Services</b>	<b>156,358</b>	<b>(29,338)</b>	<b>127,020</b>	<b>87,632</b>	<b>39,388</b>
Educational Media Services/School Library:					
Salaries	79,264	972	80,236	79,264	972
Salaries of Technology Coordinators	58,803		58,803	58,803	
Purchased Professional and Technical Services	3,000	(972)	2,028	842	1,186
Other Purchased Services (400-500 series)	7,200		7,200	3,493	3,707
Supplies and Materials	35,500		35,500	2,583	32,917
<b>Total Educational Media Services/School Library</b>	<b>183,767</b>		<b>183,767</b>	<b>144,985</b>	<b>38,782</b>
Instructional Staff Training Services:					
Purchased Professional - Educational Services	1,899		1,899		1,899
Other Purchased Services (400-500 series)	141,750		141,750	5,754	135,996
Supplies and Materials	1,100		1,100		1,100
<b>Total Instructional Staff Training Services</b>	<b>144,749</b>		<b>144,749</b>	<b>5,754</b>	<b>138,995</b>

WHARTON BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Support Services - General Administration:					
Salaries	\$ 254,652		\$ 254,652	\$ 247,998	\$ 6,654
Legal Services	36,000		36,000	14,314	21,686
Audit Fees	29,000	\$ 2,000	31,000	30,100	900
Architectural/Engineering Services	20,000	(2,000)	18,000		18,000
Other Purchased Professional Services	19,500		19,500	7,875	11,625
Communications/Telephone	48,312		48,312	28,059	20,253
BOE Other Purchased Services	5,000	(3,000)	2,000		2,000
Other Purchased Services (400-500 series)	36,688	3,000	39,688	25,890	13,798
General Supplies	3,000		3,000	2,477	523
Judgements	20,000		20,000		20,000
Miscellaneous Expenditures	3,500		3,500	3,132	368
BOE Membership Dues and Fees	8,500		8,500	6,484	2,016
<b>Total Support Services - General Administration</b>	<b>484,152</b>		<b>484,152</b>	<b>366,329</b>	<b>117,823</b>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	255,581	4,355	259,936	259,936	
Salaries of Secretarial and Clerical Assistants	85,477	19,329	104,806	102,939	1,867
Purchased Professional and Technical Services	9,000	(7,525)	1,475	1,475	
Other Purchased Services (400-500 series)	1,600		1,600		1,600
Supplies and Materials	21,900	(2,292)	19,608	17,157	2,451
Other Objects	2,205	25	2,230	1,515	715
<b>Total Support Services - School Administration</b>	<b>375,763</b>	<b>13,892</b>	<b>389,655</b>	<b>383,022</b>	<b>6,633</b>
Central Services:					
Salaries	188,738	6,946	195,684	189,127	6,557
Purchased Professional Services	66,500		66,500	51,303	15,197
Other Purchased Services (400-500 series)	19,020		19,020	8,551	10,469
Supplies and Materials	5,256		5,256	4,089	1,167
Miscellaneous Expenditures	2,500		2,500	2,041	459
<b>Total Central Services</b>	<b>282,014</b>	<b>6,946</b>	<b>288,960</b>	<b>255,111</b>	<b>33,849</b>

WHARTON BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Administrative Information Technology					
Salaries	\$ 58,803		\$ 58,803	\$ 57,842	\$ 961
Purchased Technical Services	41,643	\$ 17,737	59,380	57,588	1,792
Other Purchased Services (400-500 series)	20,000	(20,000)			
Supplies and Materials	13,764	2,263	16,027	16,027	
<b>Total Administrative Information Technology</b>	<b>134,210</b>		<b>134,210</b>	<b>131,457</b>	<b>2,753</b>
Required Maintenance of School Facilities:					
Cleaning, Repair and Maintenance Services	632,373	(26,001)	606,372	124,799	481,573
General Supplies	65,257	(1,500)	63,757	26,765	36,992
<b>Total Required Maintenance of School Facilities</b>	<b>697,630</b>	<b>(27,501)</b>	<b>670,129</b>	<b>151,564</b>	<b>518,565</b>
Other Operations & Maintenance of Plant:					
Purchased Professional and Technical Services	523,119	(13,000)	510,119	454,171	55,948
Cleaning, Repair and Maintenance Services	8,000		8,000	5,746	2,254
Other Purchased Property Services	40,000		40,000	20,989	19,011
Insurance	56,000	94	56,094	53,593	2,501
Miscellaneous Purchased Services	8,000		8,000	2,865	5,135
General Supplies	41,000	12,906	53,906	53,723	183
Energy (Natural Gas)	127,057		127,057	68,640	58,417
Energy (Electricity)	195,000		195,000	114,156	80,844
<b>Total Other Operations &amp; Maintenance of Plant</b>	<b>998,176</b>		<b>998,176</b>	<b>773,883</b>	<b>224,293</b>
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	20,000		20,000	2,925	17,075
General Supplies	4,000		4,000		4,000
Other Objects	5,400		5,400		5,400
<b>Total Care and Upkeep of Grounds</b>	<b>29,400</b>		<b>29,400</b>	<b>2,925</b>	<b>26,475</b>



WHARTON BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Security:					
Purchased Professional and Technical Services	\$ 47,000		\$ 47,000	\$ 38,316	\$ 8,684
Total Security	<u>47,000</u>		<u>47,000</u>	<u>38,316</u>	<u>8,684</u>
Student Transportation Services:					
Salaries for Pupil Trans (Bet Home & School) - Special Education	370,000		370,000	161,700	208,300
Cleaning, Repair and Maintenance Services	531		531	531	
Contracted Services: Other Between Home and School - Vendors	56,500		56,500	944	55,556
Contracted Services: Aid in Lieu Payments - Nonpublic Students	27,000		27,000	6,410	20,590
Miscellaneous Purchased Services - Transportation		\$ 500	500		500
Transportation Supplies	2,000	(500)	1,500		1,500
Total Student Transportation Services	<u>456,031</u>		<u>456,031</u>	<u>169,585</u>	<u>286,446</u>
Unallocated Benefits:					
Social Security Contributions	185,346	1,000	186,346	123,394	62,952
Other Retirement Contributions - PERS	80,000	8,088	88,088	88,088	
Other Retirement Contributions - Regular	25,000		25,000	18,504	6,496
Unemployment Compensation	92,127	(8,088)	84,039		84,039
Workmen's Compensation	96,000		96,000	54,273	41,727
Health Benefits	1,855,077		1,855,077	1,845,302	9,775
Tuition Reimbursement	35,000		35,000	12,475	22,525
Other Employee Benefits	260,000		260,000	102,246	157,754
Total Unallocated Benefits	<u>2,628,550</u>	<u>1,000</u>	<u>2,629,550</u>	<u>2,244,282</u>	<u>385,268</u>

WHARTON BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
On-Behalf Contributions (Non-budgeted):					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				\$ 1,558,943	\$ (1,558,943)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				29,661	(29,661)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				873	(873)
TPAF Post Retirement (On-Behalf - Non-Budgeted)				497,844	(497,844)
TPAF Social Security (Reimbursed - Non-Budgeted)				426,872	(426,872)
Total On-Behalf Contributions (Non-Budgeted)				2,514,193	(2,514,193)
Total Undistributed Expenditures	\$ 8,445,138	\$ (26,501)	\$ 8,418,637	8,918,019	(499,382)
<b>TOTAL CURRENT EXPENSE</b>	<b>15,849,474</b>	<b>(86,716)</b>	<b>15,762,758</b>	<b>14,948,272</b>	<b>814,486</b>
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Equipment Grades 1-5		49,281	49,281	49,281	
Non-Instructional Services		26,500	26,500	21,199	5,301
Total Equipment		75,781	75,781	70,480	5,301
Facilities Acquisition and Construction Services					
Construction Services	657,000	(332,467)	324,533	310,070	14,463
Other Objects	4,402	332,467	332,467	320,905	11,562
Assessment for Debt Service on SDA Funding			4,402	4,402	
Total Facilities Acquisition and Construction Services	661,402		661,402	635,377	26,025
Total Capital Outlay	661,402	75,781	737,183	705,857	31,326
Transfer of Funds to Charter Schools	11,618	10,935	22,553	22,553	
<b>TOTAL EXPENDITURES</b>	<b>16,522,494</b>		<b>16,522,494</b>	<b>15,676,682</b>	<b>845,812</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,319,151)	(378,469)	(1,697,620)	1,721,783	3,419,403

WHARTON BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Transfer to Special Revenue Fund - PreK - Inclusion	\$ (235,061)		\$ (235,061)	\$ (222,496)	\$ 12,565
Total Other Financing Sources/(Uses)	<u>(235,061)</u>		<u>(235,061)</u>	<u>(222,496)</u>	<u>12,565</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(1,554,212)	\$ (378,469)	(1,932,681)	1,499,287	3,431,968
Fund Balance, July 1 (Restated)	<u>10,245,309</u>		<u>10,245,309</u>	<u>10,245,309</u>	
Fund Balance, June 30	<u>\$ 8,691,097</u>	<u>\$ (378,469)</u>	<u>\$ 8,312,628</u>	<u>\$ 11,744,596</u>	<u>\$ 3,431,968</u>

Recapitulation:

Restricted Fund Balance:	\$
Excess Surplus for 2022-2023	670,000
Excess Surplus for 2021-2022	670,000
Maintenance Reserve	590,012
Emergency Reserve	250,000
Capital Reserve	7,831,107
Unemployment Compensation	1,022,062
Assigned Fund Balance:	
Year-End Encumbrances	56,013
Unassigned Fund Balance	<u>655,402</u>
	<u>11,744,596</u>

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment not Recognized on GAAP Basis	(503,153)
Fund Balance per Governmental Funds (GAAP)	<u>\$ 11,241,443</u>

WHARTON BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources		\$ 13,637	\$ 13,637	\$ 13,637	
State Sources	\$ 1,063,463	367,879	1,431,342	1,107,895	\$ (323,447)
Federal Sources	581,951	1,333,340	1,915,291	766,644	(1,148,647)
Total Revenue	1,645,414	1,714,856	3,360,270	1,888,176	(1,472,094)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund		222,496	222,496	222,496	
Total Revenues and Other Financing Sources	1,645,414	1,937,352	3,582,766	2,110,672	(1,472,094)
Expenditures:					
Instruction:					
Salaries of Teachers	156,091		156,091	156,091	
Purchased Professional - Educational Services	247,807	168,875	416,682	236,799	179,883
Purchased Professional - Technical Services	13,320	9,955	23,275	22,850	425
General Supplies	61,970	(17,702)	44,268	35,326	8,942
Textbooks	1,391	1,297	2,688	2,624	64
Equipment	950	(950)			
Total Instruction	481,529	161,475	643,004	453,690	189,314
Support Services:					
Salaries of Supervisors of Instruction	25,234	273,359	298,593	46,539	252,054
Personal Services - Employee Benefits	62,436		62,436	62,436	
Professional Technical Services	36,034	274,561	310,595	81,893	228,702
Purchased Professional - Educational Services	1,025,718	576,676	1,602,394	1,286,774	315,620
Other Purchased Professional Services	2,197	207,803	210,000		210,000
Supplies and Materials	12,266	260,406	272,672	165,703	106,969
Student Activities		22,280	22,280	22,280	
Total Support Services	1,163,885	1,615,085	2,778,970	1,665,625	1,113,345
Facilities Acquisition and Construction Services:					
Instructional Equipment		182,000	182,000		182,000
Total Facilities Acquisition and Construction Services		182,000	182,000		182,000
Total Expenditures	1,645,414	1,958,560	3,603,974	2,119,315	1,484,659
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ -0-	\$ (21,208)	\$ (21,208)	\$ (8,643)	\$ 12,565

WHARTON BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 17,398,465	\$ 1,888,176
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP basis does not:		
Prior Year Encumbrances Paid		10,399
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	481,490	88,097
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(503,153)</u>	<u>(102,576)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 17,376,802</u>	<u>\$ 1,884,096</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,676,682	\$ 2,119,315
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.		<u>10,399</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 15,676,682</u>	<u>\$ 2,129,714</u>

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

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

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WHARTON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FISCAL YEAR ENDED JUNE 30, 2021

	Preschool Education Aid	Elementary and Secondary Education Act					
		Title I	Title I	Title II A	Title III	Title III Immigrant	Title IV
REVENUE:							
State Sources	\$ 1,064,278						
Federal Sources		\$ 259,586	\$ 13,290	\$ 11,570	\$ 2,000	\$ 1,556	\$ 21,655
Total Revenue	1,064,278	259,586	13,290	11,570	2,000	1,556	21,655
Other Financing Sources:							
Board Contribution - General Fund	222,496						
Total Revenue and Other Financing Sources	1,286,774	259,586	13,290	11,570	2,000	1,556	21,655
EXPENDITURES:							
Instruction:							
Salaries of Teachers		156,091					
Purchased Professional - Educational Services							
Purchased Professional - Technical Services		19,636					9,500
General Supplies							
Textbooks							
Total Instruction		175,727					9,500
Support Services:							
Salaries of Supervisors of Instruction		20,651	13,290			1,556	
Personal Services - Employee Benefits		62,436					
Professional Technical Services				11,540	2,000		12,155
Purchased Professional - Educational Services	1,286,774			30			
Supplies and Materials		772					
Total Support Services	1,286,774	83,859	13,290	11,570	2,000	1,556	12,155
Total Expenditures	1,286,774	259,586	13,290	11,570	2,000	1,556	21,655



WHARTON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FISCAL YEAR ENDED JUNE 30, 2021

	Nonpublic Handicapped Services		Nonpublic Auxiliary Svcs		Nonpublic		Nonpublic	
	Supplemental Instruction	Examination & Classification	Speech Correction	Compensatory Education	Textbook	Nursing	Security	
REVENUE:								
State Sources	\$ 3,967	\$ 4,089	\$ 729	\$ 4,870	\$ 2,624	\$ 4,488	\$ 22,850	
Federal Sources								
Total Revenue	<u>3,967</u>	<u>4,089</u>	<u>729</u>	<u>4,870</u>	<u>2,624</u>	<u>4,488</u>	<u>22,850</u>	
Other Financing Sources:								
Board Contribution - General Fund								
Total Revenue and Other Financing Sources	<u>3,967</u>	<u>4,089</u>	<u>729</u>	<u>4,870</u>	<u>2,624</u>	<u>4,488</u>	<u>22,850</u>	
EXPENDITURES:								
Instruction:								
Other Purchased Services								
Purchased Professional - Educational Services	3,967	4,089	729	4,870		4,488	22,850	
Purchased Professional - Technical Services								
General Supplies					2,624			
Textbooks								
Total Instruction	<u>3,967</u>	<u>4,089</u>	<u>729</u>	<u>4,870</u>	<u>2,624</u>	<u>4,488</u>	<u>22,850</u>	
Support Services:								
Salaries of Supervisors of Instruction								
Personal Services - Employee Benefits								
Professional Technical Services								
Purchased Professional - Educational Services								
Supplies and Materials								
Total Support Services								
Total Expenditures	<u>\$ 3,967</u>	<u>\$ 4,089</u>	<u>\$ 729</u>	<u>\$ 4,870</u>	<u>\$ 2,624</u>	<u>\$ 4,488</u>	<u>\$ 22,850</u>	

WHARTON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FISCAL YEAR ENDED JUNE 30, 2021

	CARES Emergency Relief	Coronavirus Relief Fund	Digital Divide	IDEA Part B		Student Activities Fund	Total
				Basic	Preschool		
REVENUE:							
Local Sources						\$ 13,637	\$ 13,637
State Sources							1,107,895
Federal Sources	\$ 165,491	\$ 57,658	\$ 1,900	\$ 224,326	\$ 7,612		766,644
Total Revenue	165,491	57,658	1,900	224,326	7,612	13,637	1,888,176
Other Financing Sources:							
Board Contribution - General Fund							222,496
Total Revenue and Other Financing Sources	165,491	57,658	1,900	224,326	7,612	13,637	2,110,672
EXPENDITURES:							
Instruction:							
Salaries of Teachers							156,091
Purchased Professional - Educational Services				218,656			236,799
Purchased Professional - Technical Services							22,850
General Supplies		4,290	1,900				35,326
Textbooks							2,624
Total Instruction		4,290	1,900	218,656			453,690
Support Services:							
Salaries of Supervisors of Instruction	11,042						46,539
Personal Services - Employee Benefits							62,436
Professional Technical Services	11,400	31,516		5,670	7,612		81,893
Purchased Professional - Educational Services							1,286,774
Supplies and Materials	143,049	21,852					165,703
Student Activities						22,280	22,280
Total Support Services	165,491	53,368		5,670	7,612	22,280	1,665,625
Total Expenditures	\$ 165,491	\$ 57,658	\$ 1,900	\$ 224,326	\$ 7,612	\$ 22,280	\$ 2,119,315

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

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Support services:			
Purchased Education Services:			
Contracted Pre-K	\$ 1,326,143	\$ 1,061,595	\$ 264,548
Head Start	216,179	212,584	3,595
Other Purchased Professional Services	17,094	12,595	4,499
Supplies and Materials	<u>28,958</u>		<u>28,958</u>
Total Support Services	<u>1,588,374</u>	<u>1,286,774</u>	<u>\$ 301,600</u>
Total Expenditures	<u><u>\$ 1,588,374</u></u>	<u><u>\$ 1,286,774</u></u>	<u><u>\$ 301,600</u></u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2020-21 Preschool Education Allocation	\$ 1,025,718
Actual Preschool Education Aid Carryover (June 30, 2020)	340,160
Add: Budgeted Transfer from General Fund	<u>235,061</u>
Total Preschool Aid Funds Available for 2020-21 Budget	1,600,939
Less: 2020-21 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(1,588,374)</u>
Available & Unbudgeted Preschool Aid Funds as of June 30, 2021	\$ 12,565
Add: 2020-21 Unexpended Preschool Education Aid	\$ 314,165
Less: Reduction in Budgeted Transfer from General Fund	<u>(12,565)</u>
2020-21 Actual Carryover - Preschool Education Aid	<u><u>\$ 301,600</u></u>
2020-21 Preschool Education Aid Carryover Budgeted in 2021-22	<u><u>\$ -0-</u></u>

CAPITAL PROJECTS FUND

WHARTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Fund Balance - Beginning Balance	\$ 38,525
Fund Balance - Ending Balance	<u>\$ 38,525</u>
<u>Recapitulation:</u>	
Committed Fund Balance	\$ 38,525
<u>Reconciliation to Governmental Funds Statements (GAAP):</u>	
SDA Grant Receivable not Recognized on GAAP Basis	<u>(16,266)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 22,259</u>

WHARTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
DUFFY ELEMENTARY SCHOOL - VARIOUS UPGRADES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
SDA Grant				\$ 270,336
Transfer from Capital Outlay	\$ 24,136		\$ 24,136	288,821
Total Revenues and Other Financing Sources	<u>24,136</u>		<u>24,136</u>	<u>559,157</u>
Expenditures:				
Purchased Professional and Technical Services				328,800
Construction Services				20,000
Equipment Purchases				210,357
Total Expenditures				<u>559,157</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 24,136</u>	<u>\$ -0-</u>	<u>\$ 24,136</u>	<u>\$ -0-</u>

**Additional Project Information:**

Project Numbers	SP#5770-040-09-1001
Authorization Date	5/11/2009
State Share	\$ 270,336
Local Share	288,821
Original Authorized Cost	<u>559,157</u>
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 559,157</u>
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100.00%
Original Target Completion Date	6/30/2014

WHARTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
DUFFY ELEMENTARY SCHOOL - CORRIDOR CERAMIC TILE REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Prior Periods	Current Year	Total	Revised Authorized Cost
<b>Revenue and Other Financing Sources:</b>				
SDA Grant	\$ 16,266		\$ 16,266	\$ 16,266
Capital Outlay	18,447		18,447	18,447
Transfer from Capital Reserve	77,592		77,592	77,592
<b>Total Revenues and Other Financing Sources</b>	<b>112,305</b>		<b>112,305</b>	<b>112,305</b>
<b>Expenditures :</b>				
Purchased Professional and Technical Services	21,986		21,986	27,713
Construction Services	80,351		80,351	84,592
<b>Total Expenditures</b>	<b>102,337</b>		<b>102,337</b>	<b>112,305</b>
<b>Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures</b>	<b>\$ 9,968</b>	<b>\$ -0-</b>	<b>\$ 9,968</b>	<b>\$ -0-</b>

**Additional Project Information:**

Project Numbers	SP#5770-040-09-1002
Authorization Date	5/11/2009
State Share	\$ 16,266
Local Share	18,447
Original Authorized Cost	34,713
Additional Authorized Cost - Capital Reserve	77,592
Revised Authorized Cost	<u>\$ 112,305</u>

Percentage Increase over Original Authorized Cost	224%
Percentage Completion	91%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2014

WHARTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
MACKINNON HVAC ROOFTOP UNITS AND BUILDING MANAGEMENT SYSTEMS  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 950,112	\$ 14,315	\$ 964,427	\$ 964,427
Total Revenues	<u>950,112</u>	<u>14,315</u>	<u>964,427</u>	<u>964,427</u>
Expenditures:				
Purchased Professional and Technical Services		23,250	23,250	27,671
Construction Services		936,756	936,756	936,756
Total Expenditures		<u>960,006</u>	<u>960,006</u>	<u>964,427</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 950,112</u>	<u>\$ (945,691)</u>	<u>\$ 4,421</u>	<u>\$ -0-</u>

**Additional Project Information:**

Project Numbers	SP#5770-040-09-1 002
Authorization Date	5/11/2009
State Share	
Local Share	<u>\$ 950,112</u>
Original Authorized Cost	950,112
Additional Authorized Cost	<u>14,315</u>
Revised Authorized Cost	<u>\$ 964,427</u>
Percentage Increase over Original Authorized Cost	1.51%
Percentage Completion	99.54%
Original Target Completion Date	6/30/2020



PROPRIETARY FUNDS

WHARTON BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2021

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 110,650
Intergovernmental Accounts Receivable:	
Federal	24,093
State	1,498
Inventories	8,796

Total Current Assets	<u>145,037</u>
----------------------	----------------

## Non-Current Assets:

Capital Assets	57,975
Less: Accumulated Depreciation	<u>(44,948)</u>

Total Non-Current Assets	<u>13,027</u>
--------------------------	---------------

Total Assets	<u>158,064</u>
--------------	----------------

## LIABILITIES:

## Current Liabilities:

Accounts Payable - Vendors	21,356
Unearned Revenue - Prepaid Sales	857
Unearned Revenue - Donated Commodities	3,307
Total Current Liabilities	<u>25,520</u>

## Non-Current Liabilities:

Compensated Absences Payable	<u>1,635</u>
------------------------------	--------------

Total Liabilities	<u>27,155</u>
-------------------	---------------

## NET POSITION:

Net Investment in Capital Assets	13,027
Unrestricted	<u>117,882</u>

Total Net Position	<u><u>\$ 130,909</u></u>
--------------------	--------------------------

WHARTON BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 6,083
Total Operating Revenue	<u>6,083</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	68,598
Salaries	94,468
Benefits & Payroll Taxes	20,431
Management Fee	10,200
Miscellaneous	38,345
Depreciation Expense	1,432
Total Operating Expenses	<u>233,474</u>
Operating Loss	(227,391)
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	107
State Sources:	
Seamless Summer Option	8,197
Federal Sources:	
Seamless Summer Option	194,291
Food Distribution Program	11,565
Total Non-Operating Revenue	<u>214,160</u>
Change in Net Position	(13,231)
Net Position - Beginning of Year	<u>144,140</u>
Net Position - End of Year	<u>\$ 130,909</u>

WHARTON BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 917
Payments to Employees	(18,186)
Payments to Food Service Vendor	(165,244)
Payments to Suppliers	(16,402)
	<hr/>
Net Cash Used for Operating Activities	(198,915)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(8,014)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(8,014)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interest Revenue	107
State Sources:	
Seamless Summer Option	6,816
Federal Sources:	
Seamless Summer Option	182,316
	<hr/>
Net Cash Provided by Noncapital Financing Activities	189,239
	<hr/>
Net Decrease in Cash and Cash Equivalents	(17,690)
	<hr/>
Cash and Cash Equivalents, July 1	128,340
	<hr/>
Cash and Cash Equivalents, June 30	\$ 110,650
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (227,391)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	1,432
Food Distribution Program	11,565
Changes in Assets and Liabilities:	
(Decrease) in Inventory	(366)
(Decrease) in Unearned Revenue - Donated Commodities	(345)
(Decrease) in Unearned Revenue - Prepaid Sales	(5,166)
Increase in Accounts Payable	21,356
	<hr/>
Net Cash Used for Operating Activities	\$ (198,915)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received USDA Donated Commodities through the Food Distribution Program valued at \$11,220 and utilized U.S.D.A Commodities valued at \$11,565 for the fiscal year ended June 30, 2021.

FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)

LONG-TERM DEBT

WHARTON BOARD OF EDUCATION  
LONG-TERM DEBT  
STATEMENT OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding 6/30/2021		Interest Rate	Balance July 1, 2020	Retired or Matured	Balance June 30, 2021
			Date	Amount				
Refunding School Bonds Series 2015	4/30/2015	\$ 1,996,000	7/1/2021	\$ 231,000	1.900%			
			7/1/2022	226,000	1.900%	\$ 915,000	\$ 242,000	\$ 673,000
			7/1/2023	216,000	1.900%	\$ 915,000	\$ 242,000	\$ 673,000
						<u>\$ 915,000</u>	<u>\$ 242,000</u>	<u>\$ 673,000</u>

WHARTON BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOT APPLICABLE



WHARTON BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 188,222		\$ 188,222	\$ 188,222	
State Sources:					
Debt Service Aid Type II	68,864		68,864	68,864	
Total Revenues	<u>257,086</u>		<u>257,086</u>	<u>257,086</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	15,086		15,086	15,086	
Redemption of Principal	242,000		242,000	242,000	
Total Regular Debt Service	<u>257,086</u>		<u>257,086</u>	<u>257,086</u>	
Total Expenditures	<u>257,086</u>		<u>257,086</u>	<u>257,086</u>	
Excess of Revenues Over Expenditures					
Fund Balance, July 1	16,154	\$ -0-	16,154	16,154	\$ -0-
Fund Balance, June 30	<u>\$ 16,154</u>	<u>\$ -0-</u>	<u>\$ 16,154</u>	<u>\$ 16,154</u>	<u>\$ -0-</u>
<u>Recapitulation of Fund Balance at June 30, 2021</u>					
Restricted			<u>\$ 16,154</u>		

**STATISTICAL SECTION**  
**(Unaudited)**

This part of the School'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 School's overall financial health.

**Contents**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.

J-16 thru J-20

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

WHARTON BOARD OF EDUCATION  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
UNAUDITED  
 (Accrual Basis of Accounting)

	June 30,										Restated
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
<b>Governmental Activities:</b>											
Net Investment in Capital Assets	\$ 2,109,328	\$ 2,441,360	\$ 4,061,526	\$ 3,930,297	\$ 4,979,520	\$ 5,537,678	\$ 6,104,371	\$ 6,262,066	\$ 6,781,065	\$ 7,324,039	
Restricted	2,450,988	3,831,767	4,063,996	5,261,025	5,558,458	5,478,489	5,965,733	7,506,318	9,267,375	11,071,331	
Unrestricted/(Deficit)	(372,771)	(32,963)	(1,240,198)	(1,296,576)	(1,430,055)	(1,501,803)	(1,785,845)	(1,808,134)	(1,495,954)	(1,791,542)	
<b>Total Governmental Activities Net Position</b>	<b>\$ 4,187,545</b>	<b>\$ 6,240,164</b>	<b>\$ 6,885,324</b>	<b>\$ 7,894,746</b>	<b>\$ 9,107,923</b>	<b>\$ 9,514,364</b>	<b>\$ 10,284,259</b>	<b>\$ 11,960,250</b>	<b>\$ 14,552,486</b>	<b>\$ 16,603,828</b>	
<b>Business-Type Activities:</b>											
Investment in Capital Assets	\$ 7,134	\$ 4,281	\$ 1,428						\$ 6,445	\$ 13,027	
Unrestricted	83,316	110,005	93,596	97,790	144,175	87,641	99,570	79,762	137,695	117,882	
<b>Total Business-Type Activities Net Position</b>	<b>\$ 90,450</b>	<b>\$ 114,286</b>	<b>\$ 95,024</b>	<b>\$ 97,790</b>	<b>\$ 144,175</b>	<b>\$ 87,641</b>	<b>\$ 99,570</b>	<b>\$ 79,762</b>	<b>\$ 144,140</b>	<b>\$ 130,909</b>	
<b>District-Wide:</b>											
Net Investment in Capital Assets	\$ 2,116,462	\$ 2,445,641	\$ 4,062,954	\$ 3,930,297	\$ 4,979,520	\$ 5,537,678	\$ 6,104,371	\$ 6,262,066	\$ 6,787,510	\$ 7,337,066	
Restricted	1,339,398	3,831,767	4,063,996	5,261,025	5,558,458	5,478,489	5,965,733	7,506,318	9,267,375	11,071,331	
Unrestricted/(Deficit)	(398,017)	77,042	(1,146,602)	(1,198,786)	(1,285,880)	(1,414,162)	(1,686,275)	(1,728,372)	(1,358,259)	(1,673,660)	
<b>Total District-Wide Net Position</b>	<b>\$ 3,057,843</b>	<b>\$ 6,354,450</b>	<b>\$ 6,980,348</b>	<b>\$ 7,992,536</b>	<b>\$ 9,252,098</b>	<b>\$ 9,602,005</b>	<b>\$ 10,383,829</b>	<b>\$ 12,040,012</b>	<b>\$ 14,696,626</b>	<b>\$ 16,734,737</b>	

Source: Borough of Wharton School District Financial Reports.

**WHARTON BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 5,652,459	\$ 5,926,911	\$ 5,984,273	\$ 7,482,805	\$ 7,511,041	\$ 8,178,991	\$ 8,711,712	\$ 7,805,295	\$ 7,241,936	\$ 7,150,135
Special Education	2,563,983	2,136,825	2,236,521	2,750,730	2,997,502	3,928,950	4,209,197	3,694,463	3,407,458	3,239,032
Other Instruction	336,361	305,716	202,473	271,083	422,908	531,035	548,488	552,791	490,367	399,027
Support Services:										
Tuition	264,770	227,630	308,897	227,982	240,662	414,885	410,281	315,147	359,002	372,202
Student & Instruction Related Services	1,407,543	1,457,923	1,417,537	1,730,120	1,775,976	1,742,506	1,833,008	1,761,267	2,925,496	3,936,653
General Administration Services	378,817	384,360	376,851	387,309	503,252	424,627	484,372	442,054	603,181	569,236
School Administration Services	448,316	428,652	411,514	513,234	517,485	612,901	698,412	639,633	559,754	611,035
Central Services	281,356	243,498	238,339	253,247	208,324	238,598	291,044	339,335	339,335	385,031
Plant Operations and Maintenance	795,406	753,625	1,018,812	788,112	795,040	896,478	817,351	862,300	1,081,010	1,003,479
Pupil Transportation	223,858	222,511	288,254	348,667	277,677	365,199	143,428	229,219	247,932	230,708
Administrative Information Technology	43,967	109,005	82,353	61,144	110,181	164,230	286,039	158,415	145,473	152,872
Interest On Long-Term Debt	115,600	105,800	96,200	120,426	18,620	34,666	29,564	24,605	19,779	15,086
Charter School			13,407	13,691	23,603	47,616	57,045	10,152	11,147	22,553
Capital Outlay			98,018	61,240	4,402	4,402	4,402	4,402	4,402	4,402
Unallocated Depreciation	285,610	329,028	329,028	270,773	270,773	358,173	340,877	382,758		4,402
Total Governmental Activities Expenses	12,798,046	12,631,484	13,122,477	15,280,563	15,677,446	17,963,257	18,865,220	17,142,818	17,436,272	18,091,451
Expenses:										
Business-Type Activities:										
Food Service	348,789	312,784	365,088	340,918	318,046	417,167	351,643	378,985	285,603	233,474
Total Business-Type Activities Expenses	348,789	312,784	365,088	340,918	318,046	417,167	351,643	378,985	285,603	233,474
Total District-Wide Expenses	\$ 13,146,835	\$ 12,944,268	\$ 13,487,565	\$ 15,621,481	\$ 15,995,492	\$ 18,380,424	\$ 19,216,863	\$ 17,521,803	\$ 17,721,875	\$ 18,324,925
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services	\$ 370,685	\$ 327,487	\$ 244,394	\$ 205,551	\$ 157,392	\$ 106,559	\$ 243,623	\$ 140,817	\$ 99,901	\$ 82,402
Operating Grants and Contributions	2,760,807	2,541,735	2,240,448	2,348,085	2,551,518	2,718,920	3,063,126	5,223,918	5,034,378	5,839,363
Total Governmental Activities Program Revenues	3,131,492	2,869,222	2,484,842	2,553,636	2,708,910	2,825,479	3,306,749	5,364,735	5,134,279	5,921,765
Business-Type Activities:										
Charges for Services:										
Food Service	101,847	99,163	99,911	98,235	97,213	104,560	112,544	116,731	83,977	6,083
Operating Grants and Contributions	232,751	237,391	245,834	245,377	267,125	255,899	250,504	242,199	229,743	214,053
Total Business-Type Activities Program Revenues	334,598	336,554	345,745	343,612	364,338	360,459	363,048	358,930	313,720	220,136
Total District-Wide Program Revenues	3,466,090	3,205,776	2,830,587	2,897,248	3,073,248	3,185,938	3,669,797	5,723,665	5,447,999	6,141,901
<b>Net Expenses/(Revenue):</b>										
Governmental Activities	\$ 9,666,554	\$ 9,762,262	\$ 10,637,635	\$ 12,726,927	\$ 12,968,536	\$ 15,137,778	\$ 15,558,471	\$ 11,778,083	\$ 12,301,993	\$ 12,169,686
Business-Type Activities	14,191	(23,770)	19,343	(2,694)	(46,292)	56,708	(11,405)	20,055	(28,117)	13,338
Total District-Wide Net (Expenses)/Revenue	\$ 9,680,745	\$ 9,738,492	\$ 10,656,978	\$ 12,724,233	\$ 12,922,244	\$ 15,194,486	\$ 15,547,066	\$ 11,798,138	\$ 12,273,876	\$ 12,183,024

WHARTON BOARD OF EDUCATION  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 7,474,224	\$ 7,994,103	\$ 8,299,551	\$ 8,465,542	\$ 8,634,852	\$ 8,807,549	\$ 8,983,700	\$ 9,163,374	\$ 9,346,641	\$ 9,533,574
Taxes Levied for Debt Service	369,635	260,421	249,657	242,630	232,014	228,115	216,392	205,441	198,979	188,222
Federal and State Aid Not Restricted	3,229,022	3,515,266	3,703,327	4,997,074	5,275,776	6,479,445	7,043,101	4,011,533	4,249,757	4,478,310
Investment Earnings	83	3,928	3,761	1,218	3,761	3,476	9,645	52,729	47,812	13,467
Miscellaneous Income	25,421	41,163	196,813	29,885	35,310	25,634	75,528	20,997	2,198	7,455
Total Governmental Activities General Revenues & Other Changes in Net Position	11,098,385	11,814,881	12,453,109	13,736,349	14,181,713	15,544,219	16,328,366	13,454,074	13,845,387	14,221,028
Business-Type Activities:										
Investment Earnings	74	66	81	72	93	174	524	247	581	107
Reappraisal of Capital Assets	11,259									
Cancellation of Prior Year Interfund									35,680	
Total Business-Type Activities General Revenues & Other Changes in Net Position	11,333	66	81	72	93	174	524	247	36,261	107
Total District-Wide General Revenues & Other Changes in Net Position	\$ 11,109,718	\$ 11,814,947	\$ 12,453,190	\$ 13,736,421	\$ 14,181,806	\$ 15,544,393	\$ 16,328,890	\$ 13,454,321	\$ 13,881,648	\$ 14,221,135
Change in Net Position:										
Governmental Activities	\$ 1,431,831	\$ 2,052,619	\$ 1,815,474	\$ 1,009,422	\$ 1,213,177	\$ 406,441	\$ 769,895	\$ 1,675,991	\$ 1,543,394	\$ 2,051,342
Business-Type Activities	(2,858)	23,836	(19,262)	2,766	46,385	(56,534)	11,929	(19,808)	64,378	(13,231)
Total District-Wide Change in Net Position	\$ 1,428,973	\$ 2,076,455	\$ 1,796,212	\$ 1,012,188	\$ 1,259,562	\$ 349,907	\$ 781,824	\$ 1,656,183	\$ 1,607,772	\$ 2,038,111

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION  
FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

UNAUDITED

*(Modified Accrual Basis of Accounting)*

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Fund:</b>									(Restated)	
Restricted	\$ 2,438,504	\$ 3,849,052	\$ 4,063,995	\$ 5,254,757	\$ 5,524,466	\$ 5,444,497	\$ 5,931,741	\$ 6,522,214	\$ 9,220,582	\$ 11,033,181
Assigned	60,400	307,867	229,945	202,591	165,483	199,615	94,225	73,170	543,237	56,013
Unassigned						14,706				152,249
<b>Total General Fund</b>	<b>\$ 2,498,904</b>	<b>\$ 4,156,919</b>	<b>\$ 4,293,940</b>	<b>\$ 5,457,348</b>	<b>\$ 5,689,949</b>	<b>\$ 5,658,818</b>	<b>\$ 6,025,966</b>	<b>\$ 6,595,384</b>	<b>\$ 9,763,819</b>	<b>\$ 11,241,443</b>
<b>All Other Governmental Funds:</b>										
Restricted	\$ 1	\$ 1		\$ 16,154	\$ 16,154	\$ 16,154	\$ 16,154	\$ 16,154	\$ 46,793	\$ 38,150
Committed	67,354	17,838	17,838	17,838	17,838	17,838	17,838	967,950	22,259	22,259
Unassigned/(Deficit)	(54,870)	(35,124)	(26,788)	(19,722)	(17,703)	(13,666)	(51,103)	(43,892)	(88,097)	(102,576)
<b>Total All Other Governmental Funds/(Deficit)</b>	<b>\$ 12,485</b>	<b>\$ (17,285)</b>	<b>\$ (8,950)</b>	<b>\$ (1,884)</b>	<b>\$ 16,289</b>	<b>\$ 20,326</b>	<b>\$ (17,111)</b>	<b>\$ 940,212</b>	<b>\$ (19,045)</b>	<b>\$ (42,167)</b>
<b>Total Governmental Funds:</b>										
Restricted	\$ 2,438,504	\$ 3,849,053	\$ 4,063,996	\$ 5,254,757	\$ 5,524,466	\$ 5,444,497	\$ 5,931,741	\$ 6,522,214	\$ 8,218,533	\$ 11,071,331
Committed	67,354	67,354	17,838	17,838	17,838	17,838	17,838	17,838	22,259	22,259
Assigned	118,078	60,400	307,867	228,472	202,591	199,615	94,225	94,225	543,237	56,013
Unassigned/(Deficit)	(17,219)	(54,870)	(35,124)	(19,722)	(17,703)	1,040	(51,103)	(43,892)	(88,097)	49,673
<b>Total All Governmental Funds</b>	<b>\$ 2,511,389</b>	<b>\$ 4,139,634</b>	<b>\$ 4,284,990</b>	<b>\$ 5,455,464</b>	<b>\$ 5,706,238</b>	<b>\$ 5,679,144</b>	<b>\$ 6,008,855</b>	<b>\$ 7,535,596</b>	<b>\$ 9,744,774</b>	<b>\$ 11,199,276</b>

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
 UNAUDITED  
 (Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues:</b>										
Tax Levy	\$ 7,843,859	\$ 8,254,524	\$ 8,549,208	\$ 8,708,172	\$ 8,866,866	\$ 9,035,664	\$ 9,200,092	\$ 9,368,815	\$ 9,545,620	\$ 9,721,796
Tuition Charges	370,685	327,487	244,394	205,551	157,392	106,559	243,623	140,817	99,901	68,765
Interest on Capital Reserve	83	3,928	3,761	1,218	3,761	3,476	9,645	15,078	22,268	5,263
Miscellaneous	25,421	46,163	197,267	29,885	35,310	25,634	75,528	58,648	27,742	29,296
State Sources	4,988,422	5,403,254	5,420,143	5,463,912	5,772,212	6,050,229	6,787,151	7,444,168	7,829,424	8,885,383
Federal Sources	1,001,407	648,746	523,179	620,014	569,599	585,858	467,152	467,650	694,530	807,481
Total Revenue	14,229,877	14,684,102	14,937,952	15,028,752	15,405,140	15,807,420	16,783,191	17,495,176	18,219,485	19,517,984
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	4,370,439	4,553,108	4,548,219	4,910,471	4,566,042	4,503,745	4,734,653	4,810,764	4,395,576	4,320,802
Special Education Instruction	2,003,964	1,544,501	1,643,643	1,757,402	1,888,117	2,097,789	2,148,105	2,120,140	2,007,874	1,947,468
Other Instruction	210,384	222,300	142,987	159,932	224,155	270,771	266,734	279,773	269,347	220,045
<b>Support Services:</b>										
Tuition	264,770	227,630	308,897	227,982	240,662	414,885	410,281	315,147	359,002	372,202
Student & Instruction Related Services	1,220,669	1,231,744	1,214,213	1,400,885	1,486,320	1,415,009	1,372,131	1,366,733	2,257,703	3,186,802
General Administrative Services	296,830	339,104	329,684	369,936	436,974	346,574	397,662	367,653	345,233	366,329
School Administrative Services	285,740	284,729	295,382	308,100	332,075	339,205	338,830	333,903	370,315	383,022
Central Services	208,930	214,442	241,022	208,700	152,653	198,524	196,535	224,556	261,807	255,111
Administrative Information Technology	43,967	97,982	81,763	55,112	95,236	132,426	111,695	130,466	115,063	131,457
Plant Operations And Maintenance	795,337	753,625	1,018,812	779,469	785,764	810,199	889,223	923,817	941,137	966,688
Pupil Transportation	223,854	221,455	288,152	348,503	277,424	364,354	285,790	227,503	229,968	169,585
Unallocated Benefits	2,636,410	2,727,849	2,518,277	2,950,195	3,281,481	3,839,856	4,363,823	4,337,187	4,258,790	4,758,475
Capital Outlay	20,899	281,688	1,807,138	36,500	1,063,114	747,895	585,409	240,036	964,408	705,857
<b>Debt Service:</b>										
Principal	380,000	245,000	240,000	240,000	271,000	271,000	266,000	256,000	252,000	242,000
Interest And Other Charges	122,725	110,700	101,000	91,400	29,746	34,666	29,564	24,605	19,779	15,086
Transfer of funds to Charter Schools			13,407	13,691	23,603	47,616	57,045	10,152	11,147	22,553
Total Expenditures	13,084,918	13,055,857	14,779,189	13,844,587	15,130,763	15,834,514	16,453,480	15,968,435	17,059,149	18,063,482
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 1,144,959	\$ 1,628,245	\$ 158,763	\$ 1,184,165	\$ 274,377	\$ (27,094)	\$ 329,711	\$ 1,526,741	\$ 1,160,336	\$ 1,454,502
<b>Other Financing Sources/(Uses):</b>										
Transfers In								950,112	14,315	222,496
Transfers Out								(950,112)	(14,315)	(222,496)
Total Other Financing Sources/(Uses)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Net Change In Fund Balances	\$ 1,144,959	\$ 1,628,245	\$ 158,763	\$ 1,184,165	\$ 274,377	\$ (27,094)	\$ 329,711	\$ 1,526,741	\$ 1,160,336	\$ 1,454,502
Debt Service as a Percentage of Noncapital Expenditures	3.85%	2.78%	2.63%	2.40%	2.14%	2.03%	1.86%	1.78%	1.69%	1.48%

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Other Misc.	Total
2012	\$ 83	\$ 370,685	\$ 25,421	\$ 396,189
2013	3,928	327,487	41,163	372,578
2014	3,761	244,394	197,267	445,422
2015	1,218	205,551	29,885	236,654
2016	3,761	157,392	35,310	196,463
2017	3,476	106,559	25,634	135,669
2018	9,645	243,623	75,528	328,796
2019	15,078	140,817	58,648	214,543
2020	47,812	99,901	2,198	149,911
2021	13,467	68,765	7,455	89,687

Source: Borough of Wharton School District Financial Reports.



WHARTON BOARD OF EDUCATION  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

Year Ended December 31,	Vacant	Residential	Farm	Commercial	Industrial	Apartment	Total	Public	Net Valuation	Tax-Exempt	Total Direct	Estimated Actual (County Equalized Value)
	Land		Qualified				Assessed Value	Utilities <sup>a</sup>	Taxable	Property	School Tax Rate <sup>b</sup>	
2011	\$ 12,263,900	\$ 489,528,100	\$ 625,200	\$ 101,874,000	\$ 105,180,200	\$ 24,354,300	\$ 733,825,700	\$ -0-	\$ 733,825,700	\$ 66,891,500	1.07	\$ 786,503,886
2012	12,263,900	489,338,100	625,200	101,295,100	101,991,700	23,202,000	728,716,000	-0-	728,716,000	66,891,500	1.11	745,985,600
2013	12,816,300	431,026,500	575,200	93,914,900	97,860,000	21,698,800	657,891,700	-0-	657,891,700	67,532,300	1.30	696,476,498
2014	12,324,900	422,510,400	566,600	93,341,300	97,616,100	21,819,500	648,178,800	-0-	648,178,800	67,252,000	1.34	669,610,331
2015	11,789,600	427,569,800	580,400	92,610,400	97,716,600	21,914,000	652,180,800	-0-	652,180,800	96,632,800	1.36	673,503,608
2016	12,991,500	431,891,600	581,100	92,517,600	96,320,200	22,465,700	656,767,700	-0-	656,767,700	97,154,200	1.40	663,528,365
2017	12,993,400	434,199,800	581,100	92,741,300	98,448,800	22,649,900	661,618,300	-0-	668,396,422	101,972,200	1.35	663,528,365
2018	12,873,400	446,757,300	598,200	93,118,800	105,321,100	22,772,700	681,441,500	-0-	681,445,500	102,182,300	1.35	675,041,790
2019	13,857,600	460,137,300	616,300	94,940,200	105,912,700	23,065,000	698,529,100	-0-	698,529,100	102,579,700	1.37	716,029,500
2020	15,400,200	478,323,300	632,700	98,332,800	111,845,100	23,475,200	728,009,300	-0-	728,009,300	110,236,300	1.34	747,194,562

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

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax rates are per \$100 of assessed value.

\* Revaluation effective this year.

Source: Morris County Abstract of Ratables and Municipal Tax Assessor

WHARTON BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
*(Rate per \$100 of Assessed Value)*

Year Ended December 31,	Wharton Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Borough			
	Basic Rate <sup>a</sup>	Obligation Debt <sup>b</sup>	Total Direct	Regional School	of Wharton	Morris County	
2011	\$ 1.02	\$ 0.05	\$ 1.07	\$ 0.61	\$ 0.61	\$ 0.25	\$ 2.54
2012	1.08	0.03	1.11	0.62	0.63	0.25	2.61
2013	1.26	0.04	1.30	0.66	0.58	0.28	2.82
2014	1.31	0.04	1.34	0.68	0.60	0.28	2.90
2015	1.32	0.04	1.36	0.67	0.61	0.26	2.89
2016	1.37	0.03	1.40	0.63	0.61	0.26	2.90
2017	1.32	0.03	1.35	0.68	0.62	0.26	2.91
2018	1.32	0.03	1.35	0.68	0.61	0.26	2.90
2019	1.34	0.03	1.37	0.68	0.61	0.27	2.92
2020	1.31	0.03	1.34	0.75	0.61	0.27	2.96

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

<sup>a</sup> The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> Rates for debt service are based on each year's requirements.

\* Revaluation effective in this year.

Source: Borough of Wharton Tax Collector and School Business Administrator.

WHARTON BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

	2020		2011	
	Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value
		% of Total District Net Assessed Value		% of Total District Net Assessed Value
Wharton Investors III LP	\$ 85,131,200	10.09%		N/A
Glass Paramus	19,549,300	2.32%		
Costco	17,400,000	2.06%		
CCKK, LLC	14,000,000	1.66%		
Bayview Gardens	8,800,000	1.04%		
Wharton Mall	7,300,000	0.87%		
Brentwood Associates LLC	6,000,000	0.71%		
National Retail Properties, LP	5,000,000	0.59%		
Wharton Apartment Associates	4,260,000	0.50%		
13 Broad LLC	3,450,000	0.41%		
<b>Total</b>	<b>\$ 170,890,500</b>	<b>20.25%</b>		

N/A - Not Available

Source: Borough of Wharton Tax Assessor.

WHARTON BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy</u> <sup>a</sup>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2012	\$ 7,843,859	\$ 7,843,859	100.00%	-0-
2013	8,254,524	8,254,524	100.00%	-0-
2014	8,549,208	8,549,208	100.00%	-0-
2015	8,708,172	8,708,172	100.00%	-0-
2016	8,866,866	8,866,866	100.00%	-0-
2017	9,035,664	9,035,664	100.00%	-0-
2018	9,200,092	9,200,092	100.00%	-0-
2019	9,368,815	9,368,815	100.00%	-0-
2020	9,545,620	9,545,620	100.00%	-0-
2021	9,721,796	9,721,796	100.00%	-0-

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

Source: Wharton Borough School District's records including the Certificate and Report of School Taxes (Form A4F).

WHARTON BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Governmental Activities</u>						
Fiscal Year Ended June 30,	General Obligation Bonds	Loans Payable	Capital Leases	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
2012	\$ 2,890,000	-0-	\$ 8,955	\$ 2,898,955	0.55%	\$ 441.91
2013	2,645,000	-0-	3,028	2,648,028	0.50%	403.72
2014	2,405,000	-0-	-0-	2,405,000	0.44%	367.68
2015	2,231,000	-0-	-0-	2,231,000	0.39%	341.18
2016	1,960,000	-0-	-0-	1,960,000	0.33%	300.84
2017	1,689,000	-0-	-0-	1,689,000	0.28%	260.09
2018	1,423,000	-0-	-0-	1,423,000	0.22%	220.89
2019	1,167,000	-0-	-0-	1,167,000	0.18%	183.23
2020	915,000	-0-	-0-	915,000	0.14%	141.58
2021	673,000	-0-	-0-	673,000	0.10%	104.13

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

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

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 2,890,000	- 0 -	\$ 2,890,000	0.39%	\$ 440.55
2013	2,645,000	- 0 -	2,645,000	0.36%	403.26
2014	2,405,000	- 0 -	2,405,000	0.37%	367.68
2015	2,231,000	- 0 -	2,231,000	0.34%	341.18
2016	1,960,000	- 0 -	1,960,000	0.30%	300.84
2017	1,689,000	- 0 -	1,689,000	0.26%	260.09
2018	1,423,000	- 0 -	1,423,000	0.21%	220.89
2019	1,167,000	- 0 -	1,167,000	0.17%	183.23
2020	915,000	- 0 -	915,000	0.13%	141.58
2021	673,000	- 0 -	673,000	0.09%	104.13

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

<sup>a</sup> See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

<sup>b</sup> Population data can be found on Exhibit J-14. This ratio is calculated using valuation data for the prior calendar year

Source: Borough of Wharton School District Financial Reports.

WHARTON BOARD OF EDUCATION  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2020  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes: Borough of Wharton	\$ 15,392	100.00%	\$ 15,392
Other Debt:			
Morris County General Obligation Debt	250,902,245	0.771%	1,933,211
Morris Hills Regional District Debt	26,995,000	7.955%	<u>2,147,452</u>
Subtotal, Overlapping Debt			4,096,056
Borough of Wharton School District Direct Debt			<u>673,000</u>
Total Direct And Overlapping Debt			<u>\$ 4,769,056</u>

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

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

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

WHARTON BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2021

Equalized Valuation Basis									Wharton Borough
2020									\$ 758,343,021
2019									740,045,662
2018									710,949,922
									<u>\$ 2,209,338,605</u>
Average Equalized Valuation of Taxable Property									<u>\$ 736,446,202</u>
Debt Limit (3% of Average Equalization Value) <sup>a</sup>									\$ 22,093,386
Net Bonded School Debt as of June 30, 2021									673,000
Legal Debt Margin									<u>\$ 21,420,386</u>

June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 21,717,224	\$ 22,574,785	\$ 21,634,054	\$ 20,868,029	\$ 20,412,829	\$ 19,935,913	\$ 19,856,492	\$ 20,454,907	\$ 21,210,567	\$ 22,093,386
Total Net Debt Applicable to Limit	2,890,000	2,645,000	2,405,000	2,231,000	1,960,000	1,689,000	1,423,000	1,167,000	915,000	673,000
Legal Debt Margin	<u>\$ 18,827,224</u>	<u>\$ 19,929,785</u>	<u>\$ 18,827,224</u>	<u>\$ 18,637,029</u>	<u>\$ 18,452,829</u>	<u>\$ 18,246,913</u>	<u>\$ 18,433,492</u>	<u>\$ 19,287,907</u>	<u>\$ 20,295,567</u>	<u>\$ 21,420,386</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	13.31%	11.72%	13.31%	10.69%	9.60%	8.47%	7.17%	5.71%	4.31%	3.05%

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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



WHARTON BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year Ended December 31,	Borough Population <sup>a</sup>	Morris County Per Capita Personal Income <sup>b</sup>	Borough Personal Income <sup>c</sup>	Borough Unemployment Rate <sup>d</sup>
2012	\$ 6,560	\$ 79,765	\$ 523,258,400	15.00%
2013	6,559	80,805	529,999,995	8.40%
2014	6,541	84,260	551,144,660	6.00%
2015	6,539	88,219	576,864,041	5.00%
2016	6,515	90,853	591,907,295	5.00%
2017	6,494	93,555	607,546,170	4.60%
2018	6,442	98,842	636,740,164	4.20%
2019	6,369	101,646	647,383,374	4.20%
2020	6,463	101,646 **	656,938,098 ***	11.00%
2021	6,463 *	101,646 **	656,938,098 ***	N/A

\* - Latest Morris County population available (2020) was used for calculation purposes.

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

\*\*\*- Latest available population data (2020) and latest Morris County per capita personal income (2019) was used for calculation purposes

N/A - Not Available

Sources:

- <sup>a</sup> Population information provided by the NJ Department of Labor and Workforce Development.
- <sup>b</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- <sup>c</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.
- <sup>d</sup> Unemployment data provided by the NJ Department of Labor and Workforce Development.

WHARTON BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS - MORRIS COUNTY  
CURRENT YEAR AND NINE YEARS AGO  
 UNAUDITED

COUNTY OF MORRIS

	2020		2011		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Picatinnny Arsenal		6,440	Atlantic Health System	6,300	N/A
Atlantic Health Systems		6,350	US Army Armament Research & Development	3,575	N/A
Novartis		4,607	Novartis	3,573	N/A
Bayer Healthcare, LLC		2,800	St. Clare's Health System	2,342	N/A
Automatic Data Processing, Inc.		2,242	County of Morris	2,126	N/A
Wyndham Worldwide		1,907	ADP	2,019	N/A
Accenture		1,883	United Parcel Service	1,941	N/A
Honeywell		1,868	AT&T	1,500	N/A
Allergan		1,700	Honeywell	1,500	N/A
St. Clare's Health System		1,544	Wyndham Worldwide	1,395	N/A
<b>Total</b>		<b>31,341</b>		<b>26,271</b>	<b>N/A</b>
<b>Total County Labor Force</b>		<b>252,984</b>		<b>N/A</b>	

\* - Employment data provided by the NJ Department of Labor and Workforce Development

Source: Morris County Treasurer's Office

WHARTON BOARD OF EDUCATION  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction:										
Regular	39.5	48.5	49.5	56.3	56.1	56.1	56.1	56.1	56.1	55.7
Special Education	9.3	16.0	16.5	16.6	16.5	16.5	16.5	16.5	16.5	17.0
Other Special Education	4.2	11.4	16.5	14.9	15.0	15.0	15.0	15.0	15.0	14.1
Other Instruction		2.7	3.0	3.0	3.0	2.3	2.5	2.5	2.5	2.5
Support Services:										
Student & Instruction Related Services	9.0	9.3	9.3	16.1	16.1	16.1	16.1	14.6	14.6	14.0
General Administration	5.1	5.1	5.6	5.5	5.5	5.5	5.5	5.0	5.0	3.4
School Administrative Services	6.6	6.7	6.2	4.7	4.7	4.7	5.0	5.0	5.0	4.3
Other Administrative Services	1.0	1.0								
Central Services	5.6	3.6	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	1.0
Pupil Transportation	0.2	0.2	0.2	0.2	0.2	0.2	0.2			
Other Support Services	1.0	2.1	2.4	2.4	2.4	3.3	3.0	3.0	3.0	2.4
Food Service		1.0	1.0	1.0	1.0	1.0	1.0	0.8	0.8	0.8
<b>Total</b>	<b>81.8</b>	<b>107.9</b>	<b>111.5</b>	<b>123.0</b>	<b>122.8</b>	<b>123.0</b>	<b>123.2</b>	<b>120.81</b>	<b>120.81</b>	<b>117.17</b>

Source: Borough of Wharton District Personnel Records.

WHARTON BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>b</sup>	Percentage Change	Teaching Staff <sup>c</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change In Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2012	791	\$ 12,561,294	\$ 15,880	4.63%	59	11.8	9.9	772	738	-1.77%	95.51%
2013	807	12,418,469	15,388	-3.10%	76	11.1	7.7	786	755	1.74%	96.06%
2014	780	12,631,051	16,194	5.23%	78	10.3	8.4	777	756	-1.16%	97.30%
2015	789	13,476,687	17,081	5.48%	79	9.5	10.8	803	770	3.24%	95.89%
2016	786	13,766,903	17,515	2.54%	78	9.1	10.4	786	754	-2.16%	95.93%
2017	781	14,712,351	18,838	7.55%	78	9.0	10.5	782	751	-0.51%	95.59%
2018	741	14,485,324	19,548	3.77%	78	10.2	8.8	745	710	-4.97%	95.30%
2019	744	15,447,794	20,763	6.21%	78	10.3	8.4	744	704	-0.13%	94.59%
2020	750	15,822,962	21,097	1.61%	80	10.0	11.0	752	729	1.12%	96.94%
2021	740	17,100,539	23,109	9.53%	81	10.2	11.1	689	675	-9.20%	97.51%

Note: Enrollment based on annual October District count.

- <sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.
- <sup>b</sup> Costs per pupil is calculated based upon enrollment and operating expenditures as presented and may not be the same as other cost per pupil calculations.
- <sup>c</sup> Teaching staff includes only full-time equivalents of certificated staff.
- <sup>d</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Borough of Wharton School District records.

WHARTON BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>District Buildings</u>										
<b><u>Elementary</u></b>										
Marie V. Duffy Elementary (1962)	35,173	35,173	35,173	35,173	35,173	35,173	35,173	35,173	35,173	35,173
Square Feet										
MacKinnon North Wing (1974)	36,291	36,291	36,291	36,291	36,291	36,291	36,291	36,291	36,291	36,291
Square Feet	617	617	617	617	617	617	617	617	617	617
Combined Capacity (Students)	478	478	478	478	478	478	470	469	456	469
Combined Enrollment										
<b><u>Middle</u></b>										
Mackinnon Middle School (2000)	28,654	28,654	28,654	28,654	28,654	28,654	28,654	28,654	28,654	28,654
Square Feet	259	259	259	259	259	259	259	259	259	259
Capacity (Students)	213	213	213	213	213	213	266	271	294	271
Enrollment										
<b><u>Other</u></b>										
Child Study Team Addition (1994)	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469	1,469
Maint. Garage/Recreation Annex(1982)	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561

Number of Schools at June 30, 2021:

Elementary = 1

Middle = 1

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

Source: Wharton Board of Education Facilities Office.

WHARTON BOARD OF EDUCATION  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures:  
 Required Maintenance for School Facilities\*  
 11-000-261-XXXX

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
School Facilities										
Wharton Public Schools	\$ 157,704	\$ 141,197	\$ 230,270	\$ 93,160	\$ 118,613	\$ 141,921	\$ 186,551	\$ 187,430	\$ 186,682	\$ 151,564

\* School facilities as defined under EFCFA. (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Borough of Wharton School District Reports.

WHARTON BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2021  
UNAUDITED

	Coverage	Deductible
School Alliance Insurance Fund:		
School Package Policy:	\$ 500,000,000	Occurrence
Insurance Fund:		
Building & Personal Property		\$ 2,500
Auto Physical Damage		1,000
General Liability including Auto, Employee Benefits	5,000,000	
General Aggregate	Agreed upon based on membership	
Fire Damage	2,500,000	
Medical Expenses(excluding students taking part in athletics)	10,000	
Security Guard Liability	Included	
Environmental Impairment Liability	1,000,000	
First Party Cleanup	25,000,000 Fund Agg. 100,000	10,000
Crime Coverage	50,000 Inside/Outside	1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler & Machinery	100,000,000	2,500
Excess Liability (AL/GL/SLPL)	5,000,000	
School Board Legal Liability (SLPL)	5,000,000	10,000
Cyber Liability	2,000,000 per Occurrence/Agg Statutory	10,000
NJSIG		
Workers Compensation - Employer's Liability	2,000,000	
Supplemental Indemnity	Statutory	
Selective Insurance		
Surety Bonds:		
Treasurer	200,000	
Board Secretary/Business Administrator	200,000	
Bollinger Insurance		
Student Accident	Bollinger Voluntary Coverage Only	\$1,000,000

Source: Borough of Wharton School District Records.

SINGLE AUDIT SECTION





200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973.298.8500

11 Lawrence Road  
Newton, NJ 07860  
973.383.6699

[nisivoccia.com](http://nisivoccia.com)

Independent Member  
BKR International

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

Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wharton Board of Education, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 5, 2021.

### **Internal Control Over Financial Reporting**

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

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

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

The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
Page 2

**Compliance and Other Matters**

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

**Purpose of this Report**

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

October 5, 2021  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*  
\_\_\_\_\_  
Man C. Lee  
Licensed Public School Accountant #2527  
Certified Public Accountant



200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973.298.8500

11 Lawrence Road  
Newton, NJ 07860  
973.383.6699

[nisivoccia.com](http://nisivoccia.com)

Independent Member  
BKR International

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

Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
County of Morris, New Jersey

**Report on Compliance for Each Major Federal and State Program**

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

The Honorable President and Members  
of the Board of Education  
Wharton Board of Education  
Page 2

***Opinion on Each Major Federal and State Program***

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

**Report on Internal Control Over Compliance**

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

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

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

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

October 5, 2021  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*  
\_\_\_\_\_  
Man C. Lee  
Licensed Public School Accountant #2527  
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Adjustment	Prior Year Encumbrances Cancelled	Balance June 30, 2021	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue					Budgetary Accounts Receivable	Budgetary Unearned Revenue
<b>U.S. Department of Agriculture</b>												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Federal Food Distribution Program	10.555	N/A	7/1/19-6/30/20	\$ 24,943		\$ 3,652	\$	(3,652)				\$ 3,307
Federal Food Distribution Program	10.555	N/A	7/1/20-6/30/21	11,220			11,220	(7,913)				
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	136,991	\$ (149)		149					
COVID-19 - Seamless Summer Option	10.555	N/A	3/1/20-6/30/20	37,823	(11,969)		11,969					
COVID-19 - Seamless Summer Option	10.555	N/A	7/1/20-6/30/21	194,291			170,198	(194,291)			\$ (24,093)	
Total U.S. Department of Agriculture					(12,118)	3,652	193,536	(205,856)			(24,093)	3,307
<b>U.S. Department of Education</b>												
Passed-through State Department of Education:												
Special Revenue Fund:												
Elementary and Secondary Education Act:												
Title I	84.010A	ESEA-5770-19	7/1/18-9/30/19	330,432	(69)						(69)	
Title I	84.010A	ESEA-5770-20	7/1/19-9/30/20	423,702	(86,630)		99,717	(13,290)		203		
Title I	84.010A	ESEA-5770-21	7/1/20-9/30/21	275,971	(86,699)		197,235	(259,586)			(62,351)	
Total Title I					(299)		296,952	(272,876)		203	(62,420)	
Title IIA	84.367A	ESEA-5770-20	7/1/19-9/30/20	30,239								
Title IIA	84.367A	ESEA-5770-21	7/1/20-9/30/21	27,778	(299)		11,570	(11,570)				
Total Title IIA					(299)		11,570	(11,570)				
Title III	84.365A	ESEA-5770-20	7/1/19-9/30/20	28,730	(9,812)		9,813	(2,000)	\$ (1)			
Title III	84.365A	ESEA-5770-21	7/1/20-9/30/21	7,311	(9,812)							
Total Title III					(9,812)		11,813	(2,000)	(1)			
Title III - Immigrant				7,728			1,416	(1,556)			(140)	
Total Title III - Immigrant							1,416	(1,556)			(140)	
Title IV	84.424	ESEA-5770-20	7/1/19-9/30/20	28,451	(960)		960					
Title IV	84.424	ESEA-5770-21	7/1/20-9/30/21	38,479	(960)		9,500	(21,655)			(12,155)	
Total Title IV					(960)		10,460	(21,655)			(12,155)	
<b>U.S. Department of Education - Passed-through State Department of Education:</b>												
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA-5770-20	7/1/19-9/30/20	203,521	(940)		940					
I.D.E.A. Part B, Basic	84.027	IDEA-5770-21	7/1/20-9/30/21	224,335			223,969	(224,326)			(357)	
I.D.E.A. Part B, Preschool	85.173	IDEA-5770-21	7/1/20-9/30/21	7,612			7,612	(7,612)				
Subtotal Special Education Cluster					(940)		232,521	(231,938)			(357)	
<b>Education Stabilization Fund:</b>												
COVID 19 - Digital Divide Discretionary Grant	84.425D	S425D200027	7/16/20-10/31/20	1,914			1,900	(1,900)				
COVID-19 - CARES Emergency Relief	84.425D	CARES109020	3/13/20-9/30/22	257,210			165,303	(165,491)			(188)	
Subtotal Education Stabilization Fund							167,203	(167,391)			(188)	
Total U.S. Department of Education / Special Revenue Fund					(98,710)		732,234	(708,986)	(1)	203	(75,260)	

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

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Adjustment	Prior Year Encumbrances Cancelled	Balance June 30, 2021		Amount Paid to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue					Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Treasury - Passed-through State Department of Education: Special Revenue Fund:													
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20-12/30/20	\$ 63,353		\$ 63,353	\$ (57,658)				\$ 5,695		
Total U.S. Department of Treasury						63,353	(57,658)				5,695		
U.S. Department of Health and Human Services: Medicaid Assistance Program	93.778	N/A	7/1/20-6/30/21	31,893		31,893	(31,893)						
Total U.S. Department of Health and Human Services						31,893	(31,893)						
Total Federal Financial Awards						\$ 1,021,016	\$ (1,004,393)	\$ (1)	\$ 203	\$ (99,353)	\$ 9,002	\$ -0-	

N/A - Not Available/Applicable

WHARTON BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2020			Balance June 30, 2021			MEMO			
				Unearned Revenue/(Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Year Balances	GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable
NJ Department of Education:													
General Fund:													
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	\$ 3,639,194	\$ (340,149)	\$ 3,280,801	\$ (3,639,194)					\$ (358,393)	\$ 3,639,194	
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	3,452,437		340,149							3,452,437	
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	62,576	(6,165)	56,413	(62,576)					(6,163)	62,576	
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	62,576		6,165							62,576	
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	647,293	(63,774)	583,517	(647,293)					(63,746)	647,293	
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	647,293		63,774							647,293	
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	242,102	(23,853)	218,259	(242,102)					(23,843)	242,102	
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	242,102		23,853							242,102	
School Choice Aid	21-495-034-5120-068	7/1/20-6/30/21	517,950	(47,549)	466,942	(517,950)					(51,008)	517,950	
School Choice Aid	20-495-034-5120-068	7/1/19-6/30/20	482,612		47,549							482,612	
Extraordinary Aid	21-100-034-5120-473	7/1/20-6/30/21	102,630	(173,446)	190,819	(102,630)					(102,630)	102,630	
Extraordinary Aid	20-100-034-5120-473	7/1/19-6/30/20	190,819		173,446							190,819	
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	426,872	(42,601)	385,072	(426,872)					(41,800)	426,872	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	438,434		42,601							438,434	
On-Behalf TPAF Post Retirement Contributions	21-495-034-5097-001	7/1/20-6/30/21	497,844		1,558,943	(1,558,943)						497,844	
On-Behalf TPAF Pension Contributions	21-495-034-5097-002	7/1/20-6/30/21	29,661		873	(873)						29,661	
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5097-004	7/1/20-6/30/21	873		7,793,265	(7,743,311)					(647,583)	873	
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5097-004	7/1/20-6/30/21	873									873	
Total General Fund State Aid													
				(697,537)		7,793,265	(7,743,311)				(144,430)	13,242,211	
Special Revenue Fund:													
Preschool Education Aid	21-495-034-5120-086	7/1/20-6/30/21	1,025,718		923,142	(724,118)					(102,576)	724,118	
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	880,965		88,097	(340,160)						880,965	
Nonpublic Handicapped Services:													
Examination and Classification	21-100-034-5120-066	7/1/20-6/30/21	5,761	(1,400)	5,761	(4,089)					\$ 1,672	4,089	
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	7,061		1,400							6,688	
Supplementary Instruction	21-100-034-5120-066	7/1/20-6/30/21	4,857	(327)	4,857	(3,967)					890	3,967	
Supplementary Instruction	20-100-034-5120-066	7/1/19-6/30/20	6,475		327							4,857	
Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	729		729	(729)						729	
Auxiliary Services:													
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	13,064	(1,315)	13,064	(4,870)					8,194	4,870	
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	12,168		1,315							12,168	
Nonpublic Security Aid	21-100-034-5120-070	7/1/20-6/30/21	23,275		23,275	(22,850)					425	22,850	
Nonpublic Security Aid	20-100-034-5120-070	7/1/19-6/30/20	16,650		879							16,121	
Nonpublic Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	2,688		2,688	(2,624)					64	2,624	
Nonpublic Nursing Services	21-100-034-5120-070	7/1/20-6/30/21	4,488		4,488	(4,488)						4,488	
Total Special Revenue Fund													
				249,021	2,870	1,069,143	(1,107,895)	350	2,520		301,600	(102,576)	1,688,534
				(448,516)	2,870	8,862,408	(8,851,206)	350	2,520		301,600	(750,159)	14,930,745
Total NJ Department of Education													

WHARTON BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2020		Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Year Balances	Balance June 30, 2021		MEMO		
				Unearned Revenue/(Accounts Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
NJ Department of Agriculture:														
Enterprise Fund:														
Seamless Summer Program	21-100-010-3350-023	7/1/20-6/30/21	\$ 8,197		\$ 6,699	\$ (8,197)				\$ (1,498)	\$ (1,498)	\$ (1,498)	\$ 8,197	
Seamless Summer Program	20-100-010-3350-023	3/1/20-6/30/20	369		117								369	
Total Enterprise Fund					6,816	(8,197)				(1,498)	(1,498)		11,640	
NJ Department of Education:														
Capital Projects Fund:														
School Development Authority														
Corridor Ceramic Tile Replacement Project	5770-040-09-1002	7/1/10-6/30/12	16,266	\$ (16,266)								(16,266)	\$ -0-	
Debt Service Fund:														
Debt Service Aid Type II	21-100-034-5120-124	7/1/20-6/30/21	68,864		68,864	(68,864)							68,864	
Total State Awards Subject to Single Audit Determination				\$ (464,782)	\$ 2,870	\$ 8,938,088	\$ (8,928,267)	\$ 350	\$ 2,520	\$ (145,928)	\$ 301,600	\$ 11,245	\$ (767,923)	\$ 15,011,249
Less: State Awards Not Subject to Single Audit Major Program Determination														
On-Behalf TPAF Pension System Contributions:														
On-Behalf TPAF Post Retirement Contributions	21-495-034-5097-001	7/1/20-6/30/21	(497,844)			\$ 497,844								
On-Behalf TPAF Pension Contributions	21-495-034-5097-002	7/1/20-6/30/21	(1,558,943)			1,558,943								
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5097-004	7/1/20-6/30/21	(29,661)			29,661								
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5097-004	7/1/20-6/30/21	(873)			873								
Subtotal - On-Behalf TPAF Pension System Contributions						2,087,321								
Total State Awards Subject to Single Audit Major Program Determination						\$ (6,840,946)								

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS



WHARTON BOARD OF EDUCATION  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$21,663) for the general fund and (\$4,080) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, and special revenue funds. Awards and financial assistance revenue are reported on the Board’s basic financial statements on a GAAP basis as presented on the following page.

WHARTON BOARD OF EDUCATION  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 31,893	\$ 7,721,648	\$ 7,753,541
Special Revenue Fund	775,588	1,094,871	1,870,459
Debt Service Fund		68,864	68,864
Food Service Fund	205,856	8,197	214,053
	<u>\$ 1,013,337</u>	<u>\$ 8,893,580</u>	<u>\$ 9,906,917</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Wharton Borough School District had no loan balances outstanding at June 30, 2021.

NOTE 7. OTHER

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

NOTE 8. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS

The District has an active grant in the amount of \$16,266 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2021, \$16,266 of the grant funds have not been expended or drawn down on a GAAP basis on this grant. In the Capital Projects Fund, the District realized the full amount of the grant revenue on a budgetary basis in the year awarded and is realizing the grant revenue on a GAAP basis as it is expended and submitted for reimbursement.

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

Summary of Auditors' Results:

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

	<u>CFDA Number or State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Child Nutrition Cluster:				
Food Distribution Program	10.555	7/1/20-6/30/21	\$ 11,220	\$ 7,913
Food Distribution Program	10.555	7/1/19-6/30/20	24,943	3,652
COVID 19 - Seamless Summer Option	10.555	7/1/20-6/30/21	194,291	194,291
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/20-9/30/21	224,335	224,326
I.D.E.A. Part B, Preschool	84.173	7/1/20-9/30/21	7,612	7,612
<u>State:</u>				
Reimbursed TPAF				
Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	426,872	426,872
Preschool Education Aid	21-495-034-5120-086	7/1/20-6/30/21	1,025,718	724,118
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	880,965	340,160

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

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

(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

WHARTON BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings:

There were no prior year audit findings.