

**READINGTON TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**JUNE 30, 2022**

**Responsibility of the Management of  
Readington Township School District  
Hunterdon County, New Jersey**



Certified Public Accountants, PC

**READINGTON TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2022**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Other Information - Part I</b>	
Introduction Section	
Letter of Transmittal	1 - 5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
 Financial Section	
Independent Auditors' Report	9 - 12
 <b>Required Supplementary Information - Part I</b>	
Management's Discussion and Analysis	13 - 20
 <b>Basic Financial Statements</b>	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	21 - 22
A-2 Statement of Activities	23
 B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	24 - 25
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	26 - 27
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28 - 29
Proprietary Funds	
B-4 Combining Statement of Net Position	30
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Position	31
B-6 Combining Statement of Cash Flows	32
Fiduciary Funds	
B-7 Statement of Net Position	N/A
B-8 Statement of Changes in Net Position	N/A
 Notes to the Financial Statements	33 - 67

**READINGTON TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2022**

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
<b>Required Supplementary Information - Part II</b>	
C. Budgetary Comparison Schedules	
C-1 General Fund - Budgetary Comparison Schedule	68 - 75
C-1a Combining Schedule of Program Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Special Revenue Fund - Budgetary Comparison Schedule	76
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	77
<b>Required Supplementary Information - Part III</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	78
L-2 Schedule of District's Contributions- Public Employees Retirement System	79
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund	80
L-4 Schedule of District's Contributions - Teacher's Pension and Annuity Fund	81
M. Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits (GASB 75)	
M-1 Schedule of the District's Proportionate Share of the Net Other Postemployment Employee Benefits Liability	82
Notes to the Required Supplementary Information - Part III	83

**READINGTON TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2022**

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
<b>Other Information - Part II</b>	
D. School Based Budget Schedules	N/A
Combining and Individual Non-Major Fund Financial Statements	
E. Special Revenue Fund	
E-1 Combining Schedule of Program Revenue and Expenditures Budgetary Basis	84 - 87
E-2 Schedule of Preschool Education Aid Expenditure	N/A
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	N/A
F-2A - Schedule of Project Revenues, Expenditures, Project Balance and F-2E Project Status - Budgetary Basis	N/A
G. Proprietary Funds	
Enterprise Funds	
G-1 Statement of Net Position	N/A
G-2 Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-3 Statement of Cash Flows	N/A
H. Fiduciary Funds	N/A
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	88
I-2 Schedule of Obligations Under Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	89
Statistical Section	
J. Statistical Section	
J-1 Net Position by Component	90
J-2 Changes in Net Position	91 - 93
J-3 Fund Balances - Governmental Funds	94
J-4 Changes in Fund Balances - Governmental Funds	95 - 96
J-5 General Fund - Other Local Revenues by Source	97
J-6 Assessed Value and Actual Value of Taxable Property	98
J-7 Direct and Overlapping Property Tax Rates	99

**READINGTON TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2022**

**TABLE OF CONTENTS (continued)**

		<u>Page</u>
J.	Statistical Section (continued)	
	J-8 Principal Property Taxpayers	100
	J-9 Property Tax Levies and Collections	101
	J-10 Ratios of Outstanding Debt by Type	102
	J-11 Ratios of Net General Bonded Debt Outstanding	103
	J-12 Direct and Overlapping Governmental Activities Debt	104
	J-13 Legal Debt Margin Information	105
	J-14 Demographic and Economic Statistics	106
	J-15 Principal Employers	107
	J-16 Full Time Equivalent District Employees by Function/Program	108
	J-17 Operating Statistics	109
	J-18 School Building Information	110
	J-19 Schedule of Required Maintenance Expenditures by School Facilities	111
	J-20 Insurance Schedule	112
	Single Audit Section	
K.	Single Audit Section	
	<b>Other Reporting Required by Government Auditing Standards - Part I</b>	
	K-1 Independent Auditor’s 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	113 - 114
	K-2 Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the New Jersey OMB Circular Letter 15-08	115 - 117
	<b>Supplementary Information</b>	
	K-3 Schedule of Expenditures of Federal Awards, Schedule A	118 - 119
	K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	120 - 121
	K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	122 - 123
	<b>Other Reporting Required by Government Auditing Standards - Part II</b>	
	K-6 Schedule of Findings and Questioned Costs	124 - 126
	K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	126



Jonathan Hart, Ph.D., *Superintendent of Schools*

[jhart@readington.k12.nj.us](mailto:jhart@readington.k12.nj.us)

Jason M. Bohm, CPA, *Business Administrator/Board Secretary*

[jbohm@readington.k12.nj.us](mailto:jbohm@readington.k12.nj.us)

P.O. Box 807 • 52 Readington Road • Whitehouse Station, NJ 08889 • (908)-534-2195 • (908) 349-3042 fax

March 6, 2023

Honorable President and  
Members of the Board of Education  
Readington Township Public Schools  
P.O. Box 807  
Whitehouse Station, New Jersey 08889

Dear Board Members:

The Annual Comprehensive Financial Report of the Readington Township Public School District for the fiscal year ended June 30, 2022 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Management of the Board of Education. To the best of our knowledge and belief, the data presented in the auditor's report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: introduction, financial, statistical and single audit. The introduction section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements, management's discussion and analysis and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Readington Township Public School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board. All funds and account groups of the District are included in this report. The Readington Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular, as well as special education (pre-school through 8th grade) handicapped youngsters. The District completed the 2021-2022 fiscal year with an in-district enrollment of 1,451 students, which is 1.4% above the previous year's enrollment. The increase is primarily the result of student reenrollment due to homeschooling purposes due to the impact of COVID-19 the prior year. The following chart details the changes in the student enrollment of the District for the past ten fiscal years. These figures do not include those students sent out of district for special education placements.

Fiscal Year	Enrollment in District	% Change
2012-2013	1867	-4.9%
2013-2014	1778	-4.8%
2014-2015	1752	-1.5%
2015-2016	1695	-3.2%
2016-2017	1620	-4.4%
2017-2018	1528	-6.0%
2018-2019	1509	-1.2%
2019-2020	1490	-1.3%
2020-2021	1431	-4.0%
2021-2022	1451	+1.4%

2. ECONOMIC CONDITION AND OUTLOOK:

The District has seen decreasing enrollments in prior years as confirmed with the latest demographic projections completed in 2015. However, as a result of the pandemic, migration to suburban/rural areas from urban areas increased. Further, new housing developments in the township were complete and are anticipated in the coming years. This has resulted in a recent influx in enrollment consistent with the increase in valuation assessments in the township, both in terms of housing and corporate, following a reassessment. The anticipation of new residential housing construction within township boundaries shall likely result in the stabilization of enrollment after years of decline.

The District’s enrollment projections were developed by an independent demographer. All schools currently have sufficient capacity to house the District’s students.

3. MAJOR INITIATIVES:

The attainment of proficiency in state standards continues to be a primary focus of the District, especially closing any learning gaps as the result of the pandemic through increased student interventions. Student achievement is consistently rated above state and county average performance, with achievement in English/Language Arts being especially strong. Several of the surrounding districts have visited Readington Township Schools to attend professional development hosted by our district staff, observe literacy instruction and discuss best practices with teachers.

Technology availability and bandwidth has been exemplary, with a complete one-to-one initiative in all K-8 grades. Student achievement results have been strong and compare favorably with peer districts and state averages.

Strategic Planning Goals established in January 2020 to guide the District’s leadership in setting annual ambitious objectives for student achievement, fiscal responsibility, and teacher leadership. District initiatives for 2020-25 include:

- **Inquisitive Learning:** Create and establish an inquiry-based framework that values an interest-driven learning environment. Learners will, individually and collaboratively, focus on identifying, analyzing, and solving problems as inquisitive members of their community.
- **Social Awareness:** Our learners will feel connected, valued, and secure in a learning environment cultivated by a shared sense of community. Every individual will develop skills that promote an awareness of self and others, including the ability to understand the impact of their decisions.

- **Partnerships:** Establish partnerships that foster meaningful educational opportunities on local, regional, and global scales. Prepare all learners to become engaged and productive citizens through service to others, collaboration, and real-world connections.

In addition to furthering the already-rich instructional environment in Readington's classrooms, funding has been set aside for facility improvements. The district installed a new roof on a portion of Holland Brook School and installed new bleachers at Readington Middle School. Other safety improvements, information technology and maintenance projects also occurred. These projects were accomplished through reserve funding without directly impacting the tax levy or through a referendum. More projects are planned for the summer of 2022.

#### 4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

#### 5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. 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 cancelled or are included as a re-appropriation of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2021.

#### 6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.



7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

8. DEBT ADMINISTRATION:

In October of 1996, the District passed a \$12,000,000 bond referendum for construction of a new intermediate school, Holland Brook School. The project was eligible for state funding through a grant from the SCC/SDA. Additionally, the referendum included Americans with Disabilities Act (A.D.A.) improvements. The total cost of the referendum was \$12,800,000, with the additional \$800,000 funded on the interest earnings received on the investment of the \$12,000,000. The bonds were partially refinanced in 2004. As of June 30, 2022, \$3,410,000 remained in principal to be paid, with the final payment to be made on January 1, 2027.

In 2002, the District passed a \$27,790,000 bond referendum for renovations and construction at Readington Middle School, Holland Brook School, Three Bridges School, and Whitehouse School. This project also qualified for state funding through an SCC/SDA grant. There was a partial refunding of the 2002 Bond Series in December of 2006 of \$10,000,000, and another partial refunding of \$5,415,000 in November, 2010, with an additional partial refunding in 2017 of the December 2006 Bond Series originally in aggregate of \$10,000,000. As of June 30, 2022, \$5,750,000 remained in principal to be paid, with the final payment to be made on July 15, 2026.

9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the 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.

The District utilizes Investors Bank as its main depository for District funds. The Business Administrator utilizes the investment vehicles available through Investors Bank. This program meets the G.U.D.P.A. requirements. Most of the District's funds are invested in interest bearing accounts, allowing the district to maximize interest and maintain the liquidity needed to meet its obligations.

10. RISK MANAGEMENT:

The Board carries various forms of insurance, including, but not limited to, general liability and comprehensive collision, hazard and theft insurance on property and contents and fidelity bonds through its membership in the School Alliance Insurance Fund.

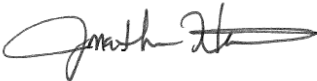
11. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of BKC, CPAs, PC were selected by the Board of Education. 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 (Uniform Guidance) and New Jersey OMB Circular Letter 15-08. The auditor's report on the general purpose financial statements combining individual fund statements and schedules is included in the financial section of the report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS:

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

Respectfully submitted,



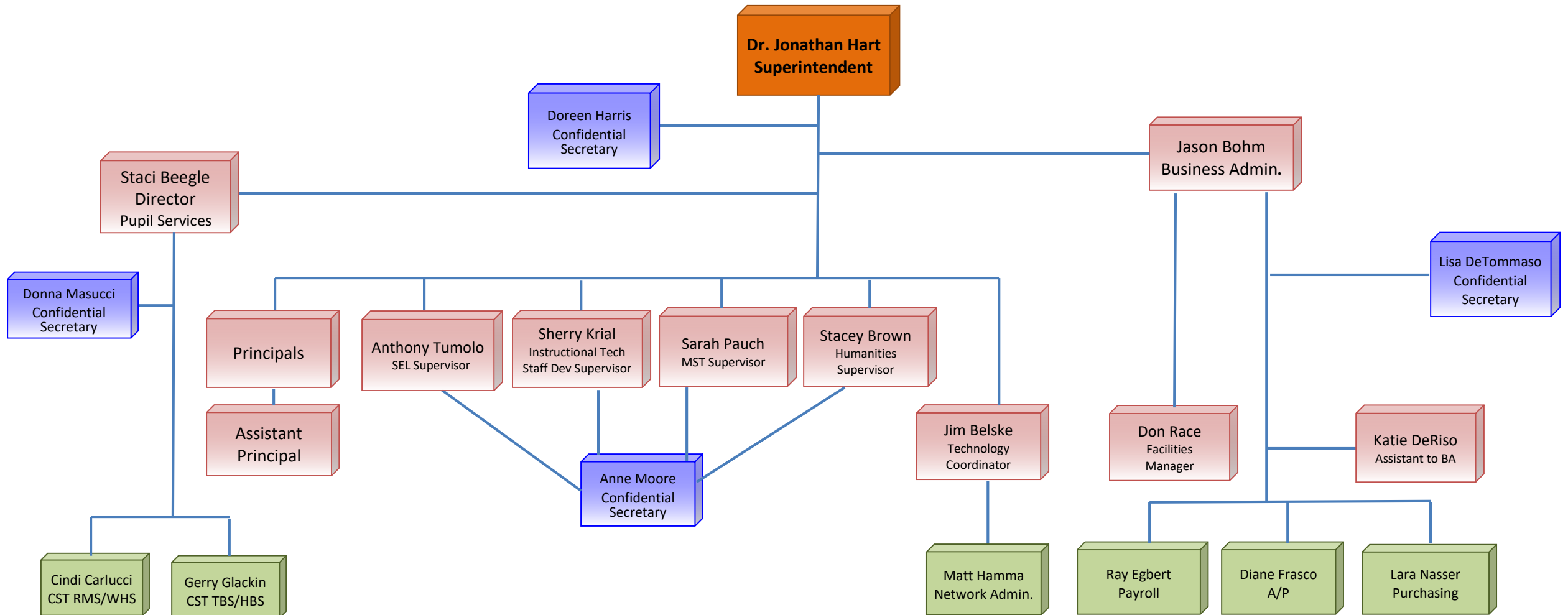
Jonathan Hart, Ph.D.  
Superintendent of Schools



Jason M. Bohm, CPA  
School Business Administrator/Board Secretary

# Readington Township Board Office Organizational Chart

## 2021-2022 School Year



**READINGTON TOWNSHIP BOARD OF EDUCATION  
READINGTON TOWNSHIP, NEW JERSEY**

**Roster of Officials  
June 30, 2022**

<b><u>Members of the Board of Education</u></b>	<b><u>Title</u></b>	<b><u>Term Expiration</u></b>
Carol Hample	President	2023
Dr. Camille Cerciello	Vice President	2024
Jodi Bettermann		2023
Elizabeth Fiore		2023
Randall Peach		2024
Carolyn Podgorski		2022
Thomas Wallace		2022
Jennifer Wolf		2024
Eric Zwerling		2022

<b><u>Other Officials</u></b>	<b><u>Title</u></b>
Dr. Jonathan Hart	Superintendent of Schools
Jason M. Bohm	Board Secretary/Business Administrator

**READINGTON TOWNSHIP BOARD OF EDUCATION  
READINGTON TOWNSHIP, NEW JERSEY**

**Consultants and Advisors  
June 30, 2022**

**AUDIT FIRM**

BKC, CPAs, PC  
39 State Route 12, Ste 2  
Flemington, NJ 08822

**SOLICITOR**

Fogarty & Hara  
16-00 Route 208 South  
Fair Lawn, New Jersey 07410

**OFFICIAL DEPOSITORY**

Investors Bank  
3563 US Highway 22 North  
Whitehouse Station, NJ 08899

**ARCHITECT**

SSP Architectural Group  
148 West End Avenue  
Somerville, NJ 08876



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

---

## Independent Auditors' Report

Honorable President and  
Members of the Board of Education  
Readington Township School District  
Whitehouse Station, New Jersey

### Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Readington Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2022, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management 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, and for 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.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the Basic Financial Statements. Such information is the responsibility of Management and, 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.

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis not a required part of the Basic Financial Statements.

Such information is the responsibility of Management and were derived from and relates directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The information has been subjected to the auditing procedures applied in the audit of the 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 Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the Basic Financial Statements as a whole.

### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Combining and Individual Non-Major Fund Financial Schedules and Statistical Sections but does not include the Basic Financial Statements and our auditor's report thereon. Our opinion on the Basic Financial Statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.



In connection with our audit of the Basic Financial Statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Basic Financial Statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2023, 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 to solely 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 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.



**BKC, CPAs, PC**



Michael Holk, CPA, PSA  
NO. 20CS00265600

March 6, 2023  
Flemington, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

The Readington Township School District's (the District) Management's discussion and analysis is designed to provide an overview of the District's financial activities for the year ended June 30, 2022, identify changes in the District's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

**Financial Highlights**

Key financial highlights for fiscal year 2022 are as follows:

- In total, net position increased \$3,466,130, which represents a 12.21% increase from fiscal year 2021.
- General revenues accounted for \$49,778,237 in revenue or 96.30% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,911,835 or 3.70% to total revenues of \$51,690,072.
- Total assets of governmental activities increased by \$555,360 as cash and cash equivalents decreased by \$7,874, receivables and other current assets increased by \$567,716 and capital assets decreased by \$4,482.
- The School District had \$48,221,388 in expenses; only \$1,911,835 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes) of \$49,778,237 were adequate to provide for these programs.
- Among major funds, the general fund had \$41,386,963 in revenues, \$41,088,313 in expenditures. The General fund's balance increased \$298,650 from fiscal year 2021.

**Using this Annual Comprehensive Financial Report (ACFR)**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For Governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Readington Township School District, the General fund is by far the most significant fund.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital project fund and debt service fund.

**Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how much money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the operating results by measuring cash on hand and other assets that can be easily converted into cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

Table 1 provides a summary of the District's net position at June 30, 2022 with comparison to June 30, 2021.

**Table 1**  
**Net Position**

	06/30/22	06/30/21	Variance	
			Dollars	%
Current & other assets	\$ 9,970,043	\$ 9,298,903	\$ 671,140	7.22%
Capital assets	41,316,848	41,253,742	63,106	0.15%
Total assets	<u>51,286,891</u>	<u>50,552,645</u>	<u>734,246</u>	1.45%
Deferred pension activity	1,579,621	2,256,515	(676,894)	-30.00%
Total deferred outflows of resources	<u>1,579,621</u>	<u>2,256,515</u>	<u>(676,894)</u>	-30.00%
Long-term liabilities	16,318,261	20,288,611	(3,970,350)	-19.57%
Other liabilities	826,699	488,692	338,007	69.17%
Total liabilities	<u>17,144,960</u>	<u>20,777,303</u>	<u>(3,632,343)</u>	-17.48%
Deferred pension activity	3,871,614	3,648,049	223,565	6.13%
Total deferred inflows of resources	<u>3,871,614</u>	<u>3,648,049</u>	<u>223,565</u>	6.13%
Net position				
Net investment in capital assets	32,156,848	30,473,742	1,683,106	5.52%
Restricted	6,304,820	5,803,449	501,371	8.64%
Unrestricted	(6,611,730)	(7,893,383)	1,281,653	16.24%
Total net position	<u>\$ 31,849,938</u>	<u>\$ 28,383,808</u>	<u>\$ 3,466,130</u>	12.21%

Total assets increased by \$734,246. Cash and cash equivalents decreased by \$37,018, receivables and other assets increased by \$708,158, and capital assets increased by \$63,106. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$1,281,653. The negative balance in unrestricted net position is the result of reporting requirements of the State's net pension liability. This is a requirement under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

Table 2 provides a summary of the District's changes in net position in fiscal year ending June 30, 2022 with comparisons to fiscal year ending June 30, 2021.

**Table 2**  
**Changes in Net Position**

	06/30/22	06/30/21	Variance	
			Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 372,180	\$ 255,843	\$ 116,337	45.47%
Operating grants	1,539,655	821,278	718,377	87.47%
Capital grants	-	24,722	(24,722)	-100.00%
General revenues				
Property taxes	32,747,629	32,279,284	468,345	1.45%
Unrestricted grants	16,974,563	18,929,918	(1,955,355)	-10.33%
Other	56,045	59,154	(3,109)	-5.26%
Total revenues	<u>51,690,072</u>	<u>52,370,199</u>	<u>(680,127)</u>	-1.30%
Program expenses				
Instruction				
Regular	19,566,693	19,889,205	(322,512)	-1.62%
Special	6,825,523	7,541,579	(716,056)	-9.49%
Other	2,054,876	2,000,091	54,785	2.74%
Support services				
Tuition	675,274	762,399	(87,125)	-11.43%
Student & instructional staff	8,671,614	9,082,443	(410,829)	-4.52%
General & business				
administration	1,612,904	1,815,141	(202,237)	-11.14%
School administration	2,642,625	2,753,272	(110,647)	-4.02%
Maintenance	3,082,678	2,981,426	101,252	3.40%
Transportation	1,974,575	1,872,310	102,265	5.46%
Food service	796,619	183,850	612,769	333.30%
Summer programs	12,023	-	12,023	*
Interest on long-term debt	305,984	370,342	(64,358)	-17.38%
Total expenses	<u>48,221,388</u>	<u>49,252,058</u>	<u>(1,030,670)</u>	-2.09%
Increase (decrease) before special items	3,468,684	3,118,141	350,543	11.24%
Special items				
Gain (loss) on disposal of asset	(2,554)	-	(2,554)	*
Total special items	<u>(2,554)</u>	<u>-</u>	<u>(2,554)</u>	*
Change net position	<u>\$ 3,466,130</u>	<u>\$ 3,118,141</u>	<u>\$ 347,989</u>	11.16%

\* Undefined

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

**Governmental Activities**

The Readington Township Board of Education has their annual election in November, thereby requiring voter budget approval only if the tax levy exceeds state mandated cap. Property taxes made up for 64.61% of revenues for governmental activities for the Readington Township School District for Fiscal Year 2022.

The dependence upon tax revenues is apparent. The community, as a whole, is the primary support for the Readington Township School District. Instruction comprises 58.99% of District expenses. Support services expenses make up 40.37% of the expenses, and interest expense comprises 0.64% of the expenses.

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

Table 3 provides a summary of the School District's cost of governmental and business type services in fiscal year ending June 30, 2022 with comparisons to fiscal year ending June 30, 2021.

**Table 3**  
**Cost of Governmental and Business Type Services**

	Total Cost of Services		Net Cost of Services	
	06/30/22	06/30/21	06/30/22	06/30/21
Instruction	\$ 28,447,092	\$ 29,430,875	\$ 28,121,798	\$ 29,115,142
Support services				
Tuition	675,274	762,399	309,140	405,098
Student & instructional	8,671,614	9,082,443	8,460,827	8,856,085
General & business	1,612,904	1,815,141	1,612,904	1,813,786
School administration	2,642,625	2,753,272	2,642,625	2,751,693
Plant operations	3,082,678	2,981,426	3,082,678	2,981,426
Pupil transportation	1,974,575	1,872,310	1,969,775	1,871,732
Food service	796,619	183,850	(186,201)	(15,089)
Summer program	12,023	-	(9,977)	-
Interest on long-term debt	305,984	370,342	305,984	370,342
Total expenses	<u>\$ 48,221,388</u>	<u>\$ 49,252,058</u>	<u>\$ 46,309,553</u>	<u>\$ 48,150,215</u>

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

Pupil and instructional staff costs include the activities involved with assisting staff with content and the process of teaching students.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

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

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

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

Interest on long-term debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

**The School District's Funds**

School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of 44,084,044 and expenditures of \$43,907,306. The net positive change in fund balance for the year of \$176,738 was most significant in the general fund with an increase of \$298,650.

**General Fund Budgetary Highlights**

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

During the course of the fiscal year 2022, the School District amended its general fund budget as needed. The School District uses program-based budgeting, and the budgeting systems are designed to tightly control total program budgets and provide flexibility for program management.

For the general fund, budgeted revenues were \$33,513,589, which was \$454,008 above original budgeted estimates of \$33,059,581. This difference was due primarily to realized miscellaneous revenues and state aid in excess of original budgets.

The general fund revenues and other financing sources of the School District were more than expenditures and other financing uses by \$318,652.



**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

**Capital Assets**

At the end of fiscal year 2022, the District had \$41,316,848 invested in land, buildings, furniture, equipment, and vehicles. Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2022 with comparisons to June 30, 2021.

**Table 4**  
**Capital Assets at Year-End**  
**(Net of Depreciation)**

	06/30/22	06/30/21	Variance	
			Dollars	%
Land	\$ 412,362	\$ 412,362	\$ -	0.00%
Construction in Progress	121,770	916,469	(794,699)	-86.71%
Land Improvements	1,901,429	1,964,042	(62,613)	-3.19%
Buildings & Improvements	36,552,192	35,881,211	670,981	1.87%
Machinery & Equipment	1,170,433	1,150,253	20,180	1.75%
Vehicles	1,158,662	929,405	229,257	24.67%
Total	<u>\$ 41,316,848</u>	<u>\$ 41,253,742</u>	<u>\$ 63,106</u>	0.15%

Capital additions were more than depreciation expense and asset disposals in the current fiscal year by \$63,106. Additions to capital assets resulted primarily from expenses related to building improvements, furniture, equipment, and school bus acquisitions in fiscal year 2022.

**Liabilities and Long-term Debt**

At June 30, 2022, the School District had \$16,318,261 in long-term liabilities. At June 30, 2022, the School District's overall legal debt limit was \$99,392,056 and the legal borrowing margin was \$90,232,056.

Table 5 provides a summary of the District's outstanding long-term liabilities at June 30, 2022 with comparisons to June 30, 2021.

**Table 5**  
**Long-Term Liabilities at Year-End**

	06/30/22	06/30/21	Variance	
			Dollars	%
General obligation bonds	\$ 9,160,000	\$ 10,780,000	\$ (1,620,000)	-15.03%
Net pension liability	6,088,638	8,264,126	(2,175,488)	-26.32%
Unamortized bond premium	650,400	811,398	(160,998)	-19.84%
Compensated absences	419,223	433,087	(13,864)	-3.20%
Total	<u>\$ 16,318,261</u>	<u>\$ 20,288,611</u>	<u>\$ (3,970,350)</u>	-19.57%

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

**Economic Factors and Next Year's Budgets and Rates**

The District continues its need to rely upon local taxes as its main source of funding. Therefore, especially in consideration of current economic conditions, the Board of Education has proactively sought to control budget expenses to minimize the impact on the local tax levy. Cost savings measures employed in recent years include redistribution of staffing levels to reflect stagnant or declining enrollments, expansion of shared services, employing transportation and sustainability practices in all aspects of school operations. The district has built in a contingency for grade-level teachers due to new housing developments in the township, reallocation of certain positions to better meet student needs, additional professional development and training for mental health and social emotional learning, and expansion of staffing needs and costs relating to special needs students based on individualized education programs. The district formulated its budget to implement action plans developed as a result of a new Strategic Plan developed in January 2020.

The Board of Education developed a budget that was fiscally responsible that addressed the educational needs of our students. The District continues to diligently pursue and maintain a balanced class size with scheduling efficiencies, enrich students' academic experiences, and continue to implement the district's Strategic Plan. The District's budget provided for an expansion of a 1:1 technology initiative for students, and included several safety and facility enhancements. The District achieved this while facing increasing mandates and regulations promulgated by the State Legislature and State Department of Education. The budget is adapting as necessary to continue to meet its obligations to students and the community despite the recent impact of the global pandemic.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the School Business Administrator/Board Secretary at Readington Township Board of Education, P.O. Box 807, 52 Readington Road, Whitehouse Station, New Jersey 08889.

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,244,867	\$ 138,850	\$ 2,383,717
Due from other funds	-	100,440	100,440
Receivables, net	647,376	69,701	717,077
Inventory	-	10,666	10,666
Prepaid expenses	453,323	-	453,323
<b>Restricted assets</b>			
Capital reserve account - cash	5,113,320	-	5,113,320
Maintenance reserve account - cash	887,036	-	887,036
Emergency reserve account - cash	225,042	-	225,042
Scholarships - cash	5,665	-	5,665
Student activities - cash	73,757	-	73,757
<b>Capital assets, net</b>			
Land	412,362	-	412,362
Construction in progress	121,770	-	121,770
Other capital assets, net of depreciation	40,673,473	109,243	40,782,716
Total assets	<u>50,857,991</u>	<u>428,900</u>	<u>51,286,891</u>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	<u>1,579,621</u>	<u>-</u>	<u>1,579,621</u>
<b>Liabilities</b>			
Accounts payable	248,955	-	248,955
Accrued interest	182,525	-	182,525
Due to other funds	100,440	-	100,440
Payroll deductions and withholdings payable	232,393	-	232,393
Unearned revenues	10,863	51,523	62,386
<b>Long-term liabilities</b>			
Due within one year	1,845,998	-	1,845,998
Due beyond one year	14,472,263	-	14,472,263
Total liabilities	<u>17,093,437</u>	<u>51,523</u>	<u>17,144,960</u>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	<u>3,871,614</u>	<u>-</u>	<u>3,871,614</u>

See accompanying notes to financial statements.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position (continued)**  
**June 30, 2022**

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 32,047,605	\$ 109,243	\$ 32,156,848
Restricted for			
Capital reserve fund	5,113,320	-	5,113,320
Maintenance reserve fund	887,036	-	887,036
Emergency reserve fund	225,042	-	225,042
Scholarships	5,665	-	5,665
Student activities	73,757	-	73,757
Unrestricted	(6,879,864)	268,134	(6,611,730)
Total net position	\$ 31,472,561	\$ 377,377	\$ 31,849,938

See accompanying notes to financial statements.



## **FUND FINANCIAL STATEMENTS**

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

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2022**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 2,244,867	\$ -	\$ -	\$ -	\$ 2,244,867
Due from other funds	129,488	-	-	-	129,488
Receivables from other governments					
State	501,347	-	-	-	501,347
Federal	-	141,363	-	-	141,363
Other accounts receivable	4,666	-	-	-	4,666
Prepaid expenses	453,323	-	-	-	453,323
Restricted cash and equivalents	6,225,398	79,422	-	-	6,304,820
<b>Total assets</b>	<b>\$ 9,559,089</b>	<b>\$ 220,785</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,779,874</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ 99,812	\$ 130,116	\$ -	\$ -	\$ 229,928
Accounts payable	248,571	384	-	-	248,955
Payroll deductions and withholdings payable	232,393	-	-	-	232,393
Unearned revenues	-	10,863	-	-	10,863
<b>Total liabilities</b>	<b>580,776</b>	<b>141,363</b>	<b>-</b>	<b>-</b>	<b>722,139</b>

See accompanying notes to financial statements.



**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2022**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 815,000	\$ -	\$ -	\$ -	\$ 815,000
Excess surplus	800,000	-	-	-	800,000
Capital reserve account	5,113,320	-	-	-	5,113,320
Maintenance reserve account	887,036	-	-	-	887,036
Emergency reserve account	225,042	-	-	-	225,042
Scholarships	-	5,665	-	-	5,665
Student activities	-	73,757	-	-	73,757
Committed fund balance					
Year-end encumbrances	214,110	-	-	-	214,110
Assigned fund balance					
Unassigned fund balance	923,805	-	-	-	923,805
Total fund balances	<u>8,978,313</u>	<u>79,422</u>	<u>-</u>	<u>-</u>	<u>9,057,735</u>
Total liabilities and fund balances	<u>\$ 9,559,089</u>	<u>\$ 220,785</u>	<u>\$ -</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$70,515,994, and the accumulated depreciation is \$29,308,389.	41,207,605
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(2,291,993)
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.	(16,318,261)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(182,525)</u>
Total net position of governmental activities	<u>\$ 31,472,561</u>

See accompanying notes to financial statements.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
<b>Local sources</b>					
Local tax levy	\$ 30,842,108	\$ -	\$ -	\$ 1,905,521	\$ 32,747,629
Tuition fees	86,029	-	-	-	86,029
Transportation fees	4,800	-	-	-	4,800
Interest on investments	6,567	-	-	-	6,567
Local contributions	-	115,621	-	-	115,621
Miscellaneous	49,290	-	-	-	49,290
Rents and royalties	31,759	-	-	-	31,759
Total local sources	<u>31,020,553</u>	<u>115,621</u>	<u>-</u>	<u>1,905,521</u>	<u>33,041,695</u>
State sources	10,345,687	33,632	-	7,133	10,386,452
Federal sources	20,723	635,174	-	-	655,897
Total revenues	<u>41,386,963</u>	<u>784,427</u>	<u>-</u>	<u>1,912,654</u>	<u>44,084,044</u>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instructional</b>					
Regular instruction	9,591,796	158,621	-	-	9,750,417
Special education instruction	3,415,314	33,398	-	-	3,448,712
Other special instruction	772,178	8,525	-	-	780,703
Other instruction	277,998	-	-	-	277,998
<b>Support service and undistributed costs</b>					
Tuition	309,140	366,134	-	-	675,274
Student and instruction related services	4,509,042	198,565	-	-	4,707,607
General and business administrative services	1,001,970	-	-	-	1,001,970
School administrative services	1,415,473	-	-	-	1,415,473
Plant operations and maintenance	2,788,312	-	-	-	2,788,312
Pupil transportation	1,494,894	-	-	-	1,494,894
Unallocated benefits	13,637,120	6,962	-	-	13,644,082

See accompanying notes to financial statements.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (continued)					
Capital outlay	\$ 1,807,265	\$ -	\$ -	\$ -	\$ 1,807,265
Debt service					
Principal	-	-	-	1,620,000	1,620,000
Interest and other charges	67,811	-	-	426,788	494,599
Total expenditures	<u>41,088,313</u>	<u>772,205</u>	<u>-</u>	<u>2,046,788</u>	<u>43,907,306</u>
Excess (deficiency) of revenues over (under) expenditures	298,650	12,222	-	(134,134)	176,738
Fund balances, July 1	<u>8,679,663</u>	<u>67,200</u>	<u>-</u>	<u>134,134</u>	<u>8,880,997</u>
Fund balances, June 30	<u><u>\$ 8,978,313</u></u>	<u><u>\$ 79,422</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,057,735</u></u>

See accompanying notes to financial statements.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

Total net changes in fund balances - governmental fund (from B-2) \$ 176,738

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 expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 1,807,265	
Depreciation expense	(1,809,193)	
Loss on sale of assets	<u>(2,554)</u>	(4,482)

Repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:

Bond principal payments	1,620,000
-------------------------	-----------

Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium	160,998
------------------------------	---------

See accompanying notes to financial statements.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds to the Statement of Activities (continued)**  
**For the Fiscal Year Ended June 30, 2022**

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. \$ 1,275,029

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item. 27,617

In the Statement of Activities, compensated absences and early retirement benefits 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. 13,864

Change in net position of governmental activities \$ 3,269,764

See accompanying notes to financial statements.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Net Position**  
**June 30, 2022**

	<u>Food Service</u> <u>Fund</u>	<u>Summer</u> <u>Enrichment</u> <u>Fund</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 96,746	\$ 42,104	\$ 138,850
Receivables from other governments			
State	1,320	-	1,320
Federal	68,381	-	68,381
Due from other funds	100,440	-	100,440
Inventory	10,666	-	10,666
Total current assets	<u>277,553</u>	<u>42,104</u>	<u>319,657</u>
Noncurrent assets			
Capital assets	272,733	-	272,733
Less: accumulated depreciation	<u>163,490</u>	<u>-</u>	<u>163,490</u>
Total noncurrent assets	<u>109,243</u>	<u>-</u>	<u>109,243</u>
Total assets	<u>386,796</u>	<u>42,104</u>	<u>428,900</u>
Liabilities			
Current liabilities			
Unearned revenues	<u>21,903</u>	<u>29,620</u>	<u>51,523</u>
Total liabilities	<u>21,903</u>	<u>29,620</u>	<u>51,523</u>
Net position			
Net investment in capital assets	109,243	-	109,243
Unrestricted	<u>255,650</u>	<u>12,484</u>	<u>268,134</u>
Total net position	<u>\$ 364,893</u>	<u>\$ 12,484</u>	<u>\$ 377,377</u>

See accompanying notes to financial statements.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2022**

	Food Service Fund	Summer Enrichment Fund	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 1,997	\$ -	\$ 1,997
Daily sales - non-reimbursable programs	114,371	-	114,371
Summer program fees	-	22,000	22,000
Total operating revenues	<u>116,368</u>	<u>22,000</u>	<u>138,368</u>
Operating expenses			
Cost of sales - reimbursable programs	207,939	-	207,939
Cost of sales - non-reimbursable programs	128,334	-	128,334
Commodity food costs	50,903	-	50,903
Salaries	262,664	10,750	273,414
Employee benefits	35,140	-	35,140
Purchased property services	14,626	-	14,626
Other purchased services			
Insurance	33,442	-	33,442
Management fee	16,000	-	16,000
Other	5,192	-	5,192
General supplies	23,336	1,273	24,609
Depreciation	13,296	-	13,296
Miscellaneous expenditures	5,747	-	5,747
Total operating expenses	<u>796,619</u>	<u>12,023</u>	<u>808,642</u>
Operating income (loss)	<u>(680,251)</u>	<u>9,977</u>	<u>(670,274)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	15,157	-	15,157
Federal sources			
National school breakfast program	147,798	-	147,798
National school lunch program			
Cash assistance	651,352	-	651,352
Noncash assistance (commodities)	50,903	-	50,903
P-EBT administrative	1,242	-	1,242
Miscellaneous	52	-	52
Interest earned on investments	136	-	136
Total non-operating revenues (expenses)	<u>866,640</u>	<u>-</u>	<u>866,640</u>
Change in net position	186,389	9,977	196,366
Net position, beginning	<u>178,504</u>	<u>2,507</u>	<u>181,011</u>
Net position, ending	<u>\$ 364,893</u>	<u>\$ 12,484</u>	<u>\$ 377,377</u>

See accompanying notes to financial statements.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2022**

	Food Service Fund	Summer Enrichment Fund	Total
Cash flows from operating activities			
Receipts from customers (net)	\$ 104,114	\$ 31,880	\$ 135,994
Payments to employees	(31,546)	(10,750)	(42,296)
Payments for employee benefits	(2,603)	-	(2,603)
Payments to Food Service Management Company	(669,369)	-	(669,369)
Payments to vendors (net)	(38,917)	(1,273)	(40,190)
Net cash provided by (used for) operating activities	<u>(638,321)</u>	<u>19,857</u>	<u>(618,464)</u>
Cash flows from non-capital financing activities			
State sources	15,613	-	15,613
Federal sources	754,843	-	754,843
Interfund activity	(100,440)	-	(100,440)
Miscellaneous	52	-	52
Net cash provided by (used for) noncapital financing activities	<u>670,068</u>	<u>-</u>	<u>670,068</u>
Cash flows from capital financing activities			
Acquisition of equipment	(80,884)	-	(80,884)
Net cash provided by (used for) capital financing activities	<u>(80,884)</u>	<u>-</u>	<u>(80,884)</u>
Cash flows from investing activities			
Interest earned on investments	136	-	136
Net cash provided by (used for) investing activities	<u>136</u>	<u>-</u>	<u>136</u>
Net increase (decrease) in cash and cash equivalents	(49,001)	19,857	(29,144)
Cash and cash equivalents, beginning	145,747	22,247	167,994
Cash and cash equivalents, ending	<u>\$ 96,746</u>	<u>\$ 42,104</u>	<u>\$ 138,850</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (680,251)	\$ 9,977	\$ (670,274)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	13,296	-	13,296
Federal food donation program	50,903	-	50,903
(Increase) decrease in inventory	5,091	-	5,091
Increase (decrease) in accounts payable	(10,627)	-	(10,627)
Increase (decrease) in unearned revenues	(16,733)	9,880	(6,853)
Net cash provided by (used for) operating activities	<u>\$ (638,321)</u>	<u>\$ 19,857</u>	<u>\$ (618,464)</u>

See accompanying notes to financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

The financial statements of the Readington Township School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local Governmental Units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the District's over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2022 of 1,432 students.

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

1. The Organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the Organization.
3. The District appoints a voting majority of the Organization's Board.
4. The District is able to impose its will on the Organization.
5. The Organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the Organization on the District.

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

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

The District reports the following major governmental funds:

*General Fund* - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board Resolution.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

*Special Revenue Fund* - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities. Amounts maintained for private-purpose scholarship accounts are utilized for scholarship awards to qualifying students.

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

The District did not utilize the capitals project fund during the fiscal year.

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

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)  
C. Measurement focus, basis of accounting, and financial statement presentation (continued)  
Additionally, the District reports the following fund types:

Proprietary fund types

*Proprietary Fund* - The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

*Enterprise Fund* - The enterprise 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; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's enterprise funds are comprised of the food service fund, summer enrichment fund and summer sport camps fund.

All proprietary funds are accounted for on a current financial resource's measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
-----------	----------

Fiduciary fund types

The District does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No. 84, *Fiduciary Activities*.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

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 budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. 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. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

E. 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 reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

G. Tuition payable

Tuition charges for the fiscal year 2021-2022 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

Short-term interfund receivables and 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.

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements & portable classroom	20 - 50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10
Vehicles	8



**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences

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

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

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

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

Unearned revenue in the enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

N. Net Position

Net position represents the difference between the sum of assets and deferred outflows of resources, and the sum of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the school district or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The school district applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

When expenditure is incurred for purposes in which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF Pension Contributions, reimbursed TPAF Social Security Contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amount on pension activity. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the Municipality, the Municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et. seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

School taxes are guaranteed, as to amount of collection, by the Municipality (the collection agency) and are transmitted to the school district in accordance with the Schedule of Tax Installments as certified by the school district's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2022, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

New Jersey school districts are limited as to the types 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.

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 public 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 saving banks the deposits of which are federally insured.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 3 - Deposits and cash equivalents and investments (continued)

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2022, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC		\$ 250,000
Insured by GUDPA		8,898,931
Total bank balances		\$ 9,148,931

Deposits at June 30, 2022 appear in the financial statements as summarized below:

Cash		\$ 8,688,537
Unrestricted cash		
Governmental funds, Balance Sheet	Ref. B-1	\$ 2,244,867
Enterprise funds, Statement of Net Position	B-4	138,850
Restricted cash		
Governmental funds, Balance Sheet	B-1	6,304,820
Total cash		\$ 8,688,537

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 -

Capital assets

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 412,362	\$ -	\$ -	\$ 412,362
Construction in progress	916,469	1,111,075	1,905,774	121,770
Total	<u>1,328,831</u>	<u>1,111,075</u>	<u>1,905,774</u>	<u>534,132</u>
Capital assets, being depreciated				
Land improvements	4,072,570	67,561	-	4,140,131
Building & improvements	57,385,497	1,939,102	-	59,324,599
Vehicles	2,886,755	440,972	291,263	3,036,464
Furniture & equipment	3,396,464	154,329	70,125	3,480,668
Total	<u>67,741,286</u>	<u>2,601,964</u>	<u>361,388</u>	<u>69,981,862</u>
Accumulated depreciation				
Land improvements	2,108,528	130,174	-	2,238,702
Building & improvements	21,504,286	1,268,121	-	22,772,407
Vehicles	1,957,350	211,715	291,263	1,877,802
Furniture & equipment	2,287,866	199,183	67,571	2,419,478
Total	<u>27,858,030</u>	<u>1,809,193</u>	<u>358,834</u>	<u>29,308,389</u>
Total capital assets, being depreciated, net	<u>39,883,256</u>	<u>792,771</u>	<u>2,554</u>	<u>40,673,473</u>
Transfers	-	(1,905,774)	(1,905,774)	-
Governmental activities capital assets, net	<u>\$ 41,212,087</u>	<u>\$ (1,928)</u>	<u>\$ 2,554</u>	<u>\$ 41,207,605</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 191,849	\$ 80,884	\$ -	\$ 272,733
Less: accumulated depreciation	150,194	13,296	-	163,490
Business type activities capital assets, net	<u>\$ 41,655</u>	<u>\$ 67,588</u>	<u>\$ -</u>	<u>\$ 109,243</u>

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets (continued)  
 Depreciation expense was charged to governmental functions in the current year as follows:

Instruction		
Regular	\$	729,687
Special education		239,400
Other special instruction		53,344
Other instruction		21,258
Support services		
Student & instruction		336,636
General & business administration		80,309
School administration		98,661
Plant maintenance		54,769
Transportation		195,129
Total depreciation expense, governmental activities	<u>\$</u>	<u>1,809,193</u>

Note 5 - Long-term debt  
 Long-term liability activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 10,780,000	\$ -	\$ 1,620,000	\$ 9,160,000	\$ 1,685,000
Unamortized bond premium	811,398	-	160,998	650,400	160,998
PERS net pension liability	8,264,126	-	2,175,488	6,088,638	-
Compensated absences payable	433,087	-	13,864	419,223	-
Total governmental activities long-term liabilities	<u>\$ 20,288,611</u>	<u>\$ -</u>	<u>\$ 3,970,350</u>	<u>\$ 16,318,261</u>	<u>\$ 1,845,998</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The compensated absences liability is paid in the current expenditures budget of the District's general fund and the other long-term debts are amortized over a determined period.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Long-term debt (continued)

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2022, including interest payments are listed as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 1,685,000	\$ 367,238	\$ 2,052,238
2024	1,755,000	299,763	2,054,763
2025	1,840,000	222,887	2,062,887
2026	1,925,000	141,125	2,066,125
2027	1,955,000	56,125	2,011,125
Total	<u>\$ 9,160,000</u>	<u>\$ 1,087,138</u>	<u>\$ 10,247,138</u>

*General Obligation Bonds* - General obligation school building bonds payable at June 30, 2022, with their outstanding balances are comprised of the following individual issues:

\$7,905,000 - 2013 refunding school bonds, interest at 3.00% to 4.00%, due in annual installments beginning January 1, 2014 to January 1, 2027.	\$ 3,410,000
\$8,495,000 - 2016 refunding school bonds, interest at 2.00% to 5.00%, due in annual installments beginning July 15, 2018 to July 15, 2026.	<u>5,750,000</u>
Total general obligation bonds	<u>\$ 9,160,000</u>

The general obligation bonded debt of the District is limited by State Law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2022 is \$99,392,056. General obligation debt at June 30, 2022 is \$9,160,000, resulting in a legal debt margin of \$90,232,056.

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by state statute: The Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The TPAF retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers.



**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)  
A. Public employees' retirement systems (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 PERS, please refer to 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).

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 10 years of service.

The following represents the membership tiers for PERS:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit 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.

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the Plan.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and non-employer allocations are applied to amounts presented in the schedules of pension amounts by employer and non-employer. The allocation percentages for each group as of June 30, 2021 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2021 measurement date.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2020 through June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the state. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

The employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for 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.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Contributions (continued)

The District's contractually required contribution rate for the year ended June 30, 2022 was 16.24% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2021:

Net pension liability	\$ 6,088,638
Proportionate share	0.0513960944

Plan fiduciary net position as a percentage of the total pension liability	70.33%
--	--------

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on age)	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Investment rate of return	7.00%

Preretirement mortality rates were based on the Pub-10 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2021.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 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.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2021 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$	6,088,638
At a 1% lower rate (6.00%)		8,379,877
At a 1% higher rate (8.00%)		4,264,182

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2021 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 96,026	\$ 43,587
Changes of assumptions	31,710	2,167,595
Net difference between projected and actual earnings on pension plan investments	-	1,603,907
Changes in proportion and differences between District contributions and proportionate share of contributions	849,977	56,525
District contributions subsequent to the measurement date	601,908	-
Total	<u>\$ 1,579,621</u>	<u>\$ 3,871,614</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2022, the Plan measurement date is June 30, 2021) of \$601,908 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2021 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 150,476	\$ (54,450)	\$ 96,026
Changes of assumptions	268,098	(236,388)	31,710
Differences between expected and actual experience	282,474	(282,474)	-
Deferred inflows of resources			
Differences between expected and actual experience	(29,226)	(14,361)	(43,587)
Changes of assumptions	(3,460,268)	1,292,673	(2,167,595)
Difference between projected and actual earnings on pension plan investments	-	(1,603,907)	(1,603,907)
Net of deferred outflows	<u>\$ (2,788,446)</u>	<u>\$ (898,907)</u>	<u>\$ (3,687,353)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Fiscal Year Ended June 30,

2022	\$ (1,436,653)
2023	(1,025,767)
2024	(699,398)
2025	(525,739)
2026	204
Total	<u>\$ (3,687,353)</u>

For the fiscal year ended June 30, 2022, the District recognized net pension expense (benefit) of (\$673,119), which represents the District's proportionate share of allocable plan pension expense (benefit) of (\$831,460) plus the net amortization of deferred amounts from changes in proportion of \$205,866, less other adjustments to the net pension liability of (\$47,525).

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2021 measurement date are as follows:

Service cost	\$	358,551
Interest on total pension liability		1,409,017
Benefit changes		-
Member contributions		(291,714)
Administrative expense		5,100
Expected investment return net of investment expense		(768,701)
Pension expense related to specific liabilities of individual employers		(3,593)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		39,481
Changes of assumptions		(1,069,540)
Difference between projected and actual investment earnings on pension plan investments		(510,061)
Pension expense (benefit)	\$	<u>(831,460)</u>

B. Teacher's 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. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to 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).

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.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
B. Teacher’s pension and annuity fund (TPAF)

Plan description (continued)

<u>Tier</u>	<u>Member Eligibility</u>
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more 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 State’s pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For the State 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 non-employer 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. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities’ total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities’ total proportionate share of the collective pension expense associated with the local participating employer.

During the State fiscal year ended June 30, 2021, the State of New Jersey contributed \$3,976,246 to the TPAF for normal pension benefits on behalf of the District.



**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
B. Teacher’s pension and annuity fund (TPAF) (continued)  
Special funding situation (continued)

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District’s proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2021 measurement date is as follows:

District proportionate share of net pension liability	\$ 101,163,974
Less: State proportionate share of net pension liability	35,933,458
Net pension liability	\$ 65,230,517

Proportionate share	0.1356843699%
---------------------	---------------

Plan fiduciary net position as a percentage of the total pension liability	35.52%
--	--------

Actuarial assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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 (based on years of service)	
2012 - 2021	1.55% - 4.45%
Thereafter	2.75% - 5.65%
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 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-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
B. Teacher’s pension and annuity fund (TPAF) (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF’s target asset allocation as of June 30, 2021 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments after that date in determining the total pension liability.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2021 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District's proportionate share of the net pension liability</u>		
At current discount rate (7.00%)	\$	65,230,517
At a 1% lower rate (6.00%)		77,178,597
At a 1% higher rate (8.00%)		55,194,880

Pension expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2021 measurement date are as follows:

Service cost	\$	2,382,877
Interest on total pension liability		6,359,399
Benefit changes		-
Member contributions		(1,196,727)
Administrative expense		12,246
Expected investment return net of investment expense		(1,975,766)
Pension expense related to specific liabilities of individual employers		(546)
Recognition (amortization) of deferred inflows/outflows of resources		-
Differences between projected and actual experience		273,378
Changes of assumptions		(3,056,300)
Difference between projected and actual investment earnings on pension plan investments		(1,263,658)
Pension expense	\$	<u>1,534,903</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2022) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcprp](http://www.prudential.com/njdcprp).

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended June 30, 2022 was \$10,124.

D. Other pension plan information

During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$1,285,469 to the TPAF for postretirement medical benefits, \$76,544 for non-contributory insurance premiums, \$1,888 for long-term disability insurance, and \$5,425,366 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,104,109 during the fiscal year ended June 30, 2022 for the employer's share of Social Security Contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as the employers) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, 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: TPAF, PERS, PFRS, or ABP.

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

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,650,970 for this special funding situation.

Additional information on Pensions and OPEB can be accessed at <https://www.state.nj.us/treasury/taxation/payments-notices.shtml>.

Total OPEB liability

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

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Total OPEB liability (continued)

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2020 measurement date is as follows:

State's proportionate share of the OPEB liability	\$	60,007,650,970
District's proportionate share of the State's OPEB liability		81,208,401
Employer OPEB expense and related revenue		5,066,117
Allocable proportionate percentage		0.1353300782%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2020	\$ 92,884,814
Service cost	4,518,934
Interest cost	2,106,631
Change of benefit terms	(86,436)
Differences between expected and actual experiences	(16,690,080)
Changes of assumptions	80,118
Member contributions	53,856
Gross benefit payments	(1,659,436)
Total OPEB liability at June 30, 2021	<u>\$ 81,208,401</u>

There were no changes of the benefit terms from June 30, 2020 to June 30, 2021.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% as of the June 30, 2020 plan measurement date to 2.16% as of the June 30, 2021 plan measurement date.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

The total non-employer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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	PERS
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
Thereafter	2.75% - 5.65%	3.00% - 7.00%

Preretirement mortality rates were based on the Pub-2010 Healthy Teachers (TPAF/ABP) and General (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 Safety (PFRS), General (PERS), and Teachers (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For Pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Discount rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2021 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (2.16%)	\$ 81,208,401
At a 1% lower rate (1.16%)	97,274,916
At a 1% higher rate (3.16%)	68,556,985

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 81,208,401
At a 1% lower rate (1% decrease)	65,738,464
At a 1% higher rate (1% increase)	101,983,383

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$5,066,117 determined by the state as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a Trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.



**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 8 - Deferred compensation

The Board offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The Plans 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 District has awarded third party service agreements to The Omni Group and Fidelity Investments for Internal Revenue Code Sections 403(b) and 457 plan administration services.

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2022 is as follows:

Fund	Receivable Fund	Payable Fund
General fund	\$ 129,488	\$ 99,812
Special revenue fund	-	130,116
Food service fund	100,440	-
Total	\$ 229,928	\$ 229,928

The balance of \$129,488 due from the special revenue fund to the general fund represents a loan as a result of cash flow issues relating to the delayed receipt of grant revenues. The balance of \$628 due from the special revenue fund to the food service fund represents subsidies received not yet transferred to the food service fund. The balance of \$99,812 due from the general fund to the food service fund represents subsidies received not yet transferred to the food service fund.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2022 consisted of the following:

Food	\$ 4,125
Supplies	6,541
Total	\$ 10,666

Note 11 - Contingent liabilities

Amounts received, or are receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the Grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

Note 12 - Risk management

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

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 12 - Risk management (continued)

*Property and Liability Insurance* - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Annual Comprehensive Financial Report.

*New Jersey Unemployment Compensation Insurance* - The District has elected to fund its NJ Unemployment Compensation Insurance under the Contributory Method. Under this Plan, the District is required to remit the entire employee deduction of unemployment compensation to the state. Any claims for unemployment are paid for by the state from those funds.

Note 13 - Reserve accounts

A capital reserve account was established by the District 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) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. 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 NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$1,500,000 to their capital reserve account, \$100,000 to their emergency reserve, and \$356,090 to their maintenance reserve account by Board Resolution in June 2022 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 4,731,169	\$ 1,500,000	\$ 1,997	\$ 413,154	\$ 1,533,000	\$ 5,113,320
Emergency	125,000	100,000	42	-	-	225,042
Maintenance	745,946	356,090	-	-	215,000	887,036
Total	<u>\$ 5,602,115</u>	<u>\$ 1,956,090</u>	<u>\$ 2,039</u>	<u>\$ 413,154</u>	<u>\$ 1,748,000</u>	<u>\$ 6,225,398</u>

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 14 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2022 is as follows:

Restricted

Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 815,000
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets.	800,000
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	5,113,320
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	225,042
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	887,036

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	214,110
---	---------

Unassigned

Undesignated - Represents fun balance which has not been restricted or designated.	1,110,628
Total fund balance - Budgetary basis	9,165,136
Last state aid payments not recognized on GAAP basis	(186,823)
Total fund balance - GAAP basis	\$ 8,978,313

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved 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 reserve general fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 is \$800,000.

Note 16 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2022 of (\$6,879,864) on Schedule A-1, Statement of Net Position. The deficit balance is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the state's net pension liability for PERS to each contributing entity throughout the state.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 17 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report:

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for reporting periods beginning after June 15, 2022. The District is evaluating the effect of the pronouncement on financial reporting.

Note 18 - Risks and uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The COVID-19 outbreak) and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations.

Note 19 - Subsequent events

The District has evaluated subsequent events through March 6, 2023, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
<b>Revenue</b>					
<b>Local sources</b>					
Local tax levy	\$ 30,842,108	\$ -	\$ 30,842,108	\$ 30,842,108	\$ -
Tuition from individuals	50,000	-	50,000	86,029	36,029
Transportation fees from individuals	4,500	-	4,500	4,800	300
Rents and royalties	45,000	-	45,000	31,759	(13,241)
Unrestricted miscellaneous revenues	70,000	-	70,000	53,818	(16,182)
Interest earned on current expense emergency reserve	-	-	-	42	42
Interest earned on capital reserve funds	4,000	-	4,000	1,997	(2,003)
<b>Total</b>	<u>31,015,608</u>	<u>-</u>	<u>31,015,608</u>	<u>31,020,553</u>	<u>4,945</u>
<b>State sources</b>					
Categorical transportation aid	466,125	-	466,125	466,125	-
Extraordinary aid	-	-	-	426,429	426,429
Categorical special education aid	1,352,208	-	1,352,208	1,352,208	-
Categorical security aid	128,700	-	128,700	128,700	-
Other state aid	-	-	-	20,300	20,300
<b>State reimbursements from Securing Our Children's</b>					
Future Bond Act	-	78,551	78,551	78,551	-
TPAF Pension (on-behalf)	-	-	-	5,425,366	5,425,366
TPAF Non-contributory insurance	-	-	-	76,544	76,544
TPAF Social Security (reimbursed)	-	-	-	1,104,109	1,104,109
TPAF Postretirement benefits	-	-	-	1,285,469	1,285,469
TPAF Long-term disability insurance	-	-	-	1,888	1,888
<b>Total</b>	<u>1,947,033</u>	<u>78,551</u>	<u>2,025,584</u>	<u>10,365,689</u>	<u>8,340,105</u>
<b>Federal sources</b>					
Medicaid reimbursement	18,389	-	18,389	20,723	2,334
<b>Total</b>	<u>18,389</u>	<u>-</u>	<u>18,389</u>	<u>20,723</u>	<u>2,334</u>
<b>Total revenues</b>	<u>\$ 32,981,030</u>	<u>\$ 78,551</u>	<u>\$ 33,059,581</u>	<u>\$ 41,406,965</u>	<u>\$ 8,347,384</u>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instruction - regular program</b>					
<b>Salaries of teachers</b>					
Preschool	\$ 75,180	\$ 1,600	\$ 76,780	\$ 76,698	\$ 82
Kindergarten	610,640	36,770	647,410	639,873	7,537
Grades 1-5	4,767,020	50,882	4,817,902	4,618,380	199,522
Grades 6-8	3,488,400	(242,621)	3,245,779	3,244,828	951
<b>Home instruction</b>					
Salaries of teacher	15,000	(14,850)	150	150	-
Purchased professional - educational services	10,000	11,600	21,600	21,556	44
Other purchased services	650	(650)	-	-	-
<b>Regular programs - undistributed instruction</b>					
Other salaries for instruction	106,460	16,115	122,575	122,531	44
Purchased professional - educational services	1,200	(1,200)	-	-	-
Other purchased services	68,960	(31,172)	37,788	37,563	225
General supplies	472,040	238,020	710,060	694,083	15,977
Textbooks	41,400	94,357	135,757	134,999	758
Other objects	1,588	(412)	1,176	1,135	41
<b>Total</b>	<u>9,658,538</u>	<u>158,439</u>	<u>9,816,977</u>	<u>9,591,796</u>	<u>225,181</u>

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 158,380	\$ 1,915	\$ 160,295	\$ 160,018	\$ 277
Other salaries for instruction	73,950	(895)	73,055	72,889	166
Other purchased services	2,000	450	2,450	2,008	442
General supplies	1,000	-	1,000	756	244
Total	<u>235,330</u>	<u>1,470</u>	<u>236,800</u>	<u>235,671</u>	<u>1,129</u>
Emotional regulation impairment					
Salaries of teachers	160,900	(75,600)	85,300	85,070	230
Other salaries for instruction	54,000	(28,400)	25,600	25,553	47
Total	<u>214,900</u>	<u>(104,000)</u>	<u>110,900</u>	<u>110,623</u>	<u>277</u>
Resource room/resource center					
Salaries of teachers	2,159,910	(68,730)	2,091,180	2,090,374	806
Other salaries for instruction	483,800	(80,300)	403,500	402,984	516
General supplies	23,525	(11,470)	12,055	11,802	253
Textbooks	250	(250)	-	-	-
Total	<u>2,667,485</u>	<u>(160,750)</u>	<u>2,506,735</u>	<u>2,505,160</u>	<u>1,575</u>
Autism					
Salaries of teachers	128,600	71,589	200,189	199,930	259
Other salaries for instruction	119,620	(31,128)	88,492	87,588	904
General supplies	1,800	(1,220)	580	563	17
Total	<u>250,020</u>	<u>39,241</u>	<u>289,261</u>	<u>288,081</u>	<u>1,180</u>
Preschool disabilities - part-time					
Salaries of teachers	31,950	(1,285)	30,665	30,660	5
Other salaries for instruction	184,400	(148,400)	36,000	35,728	272
Total	<u>216,350</u>	<u>(149,685)</u>	<u>66,665</u>	<u>66,388</u>	<u>277</u>
Preschool disabilities - full-time					
Salaries of teachers	91,250	4,660	95,910	95,910	-
Other salaries for instruction	-	110,800	110,800	110,793	7
General supplies	2,850	(150)	2,700	2,688	12
Total	<u>94,100</u>	<u>115,310</u>	<u>209,410</u>	<u>209,391</u>	<u>19</u>
Total special education	<u>3,678,185</u>	<u>(258,414)</u>	<u>3,419,771</u>	<u>3,415,314</u>	<u>4,457</u>
Basic skills/remedial					
Salaries of teachers	711,500	(66,540)	644,960	644,576	384
General supplies	1,845	(255)	1,590	1,573	17
Total	<u>713,345</u>	<u>(66,795)</u>	<u>646,550</u>	<u>646,149</u>	<u>401</u>

See independent auditors' report.



**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Bilingual education - instruction					
Salaries of teachers	\$ 130,750	\$ (5,600)	\$ 125,150	\$ 125,113	\$ 37
Other purchased services	1,550	(1,100)	450	441	9
General supplies	450	100	550	475	75
Total	<u>132,750</u>	<u>(6,600)</u>	<u>126,150</u>	<u>126,029</u>	<u>121</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	134,850	(19,150)	115,700	97,399	18,301
Purchased services	500	-	500	318	182
Supplies and materials	5,475	(2,837)	2,638	2,489	149
Other objects	600	100	700	606	94
Total	<u>141,425</u>	<u>(21,887)</u>	<u>119,538</u>	<u>100,812</u>	<u>18,726</u>
School-sponsored athletics - instruction					
Salaries	154,530	(14,000)	140,530	140,525	5
Purchased services	16,116	(6,500)	9,616	9,609	7
Supplies and materials	10,537	14,760	25,297	25,294	3
Other objects	1,999	(240)	1,759	1,758	1
Total	<u>183,182</u>	<u>(5,980)</u>	<u>177,202</u>	<u>177,186</u>	<u>16</u>
Total instruction regular	<u>\$ 14,507,425</u>	<u>\$ (201,237)</u>	<u>\$ 14,306,188</u>	<u>\$ 14,057,286</u>	<u>\$ 248,902</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to priv. school for the disabled w/i state	\$ 658,341	\$ (59,054)	\$ 599,287	\$ 309,140	\$ 290,147
Total	<u>658,341</u>	<u>(59,054)</u>	<u>599,287</u>	<u>309,140</u>	<u>290,147</u>
Undistributed expenditures - health services					
Salaries	343,675	44,310	387,985	383,008	4,977
Purchased professional and technical services	82,120	28,500	110,620	50,146	60,474
Other purchased services	1,500	-	1,500	450	1,050
Supplies and materials	18,100	-	18,100	12,371	5,729
Other objects	400	-	400	-	400
Total	<u>445,795</u>	<u>72,810</u>	<u>518,605</u>	<u>445,975</u>	<u>72,630</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	647,040	1,085	648,125	627,526	20,599
Purchased professional - educational services	119,785	14,625	134,410	131,916	2,494
Supplies and materials	2,400	800	3,200	2,798	402
Other objects	2,980	4,675	7,655	518	7,137
Total	<u>772,205</u>	<u>21,185</u>	<u>793,390</u>	<u>762,758</u>	<u>30,632</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	420,150	105,299	525,449	319,671	205,778
Purchased professional - educational services	4,000	5,480	9,480	9,451	29
Supplies and materials	-	1,820	1,820	1,819	1
Total	<u>424,150</u>	<u>112,599</u>	<u>536,749</u>	<u>330,941</u>	<u>205,808</u>

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - guidance					
Salaries of other professional staff	\$ 508,775	\$ -	\$ 508,775	\$ 494,131	\$ 14,644
Other salaries	1,000	80	1,080	1,080	-
Purchased professional - educational services	-	1,600	1,600	920	680
Other purchased services	2,910	-	2,910	578	2,332
Supplies and materials	12,014	(8,357)	3,657	2,304	1,353
<b>Total</b>	<b>524,699</b>	<b>(6,677)</b>	<b>518,022</b>	<b>499,013</b>	<b>19,009</b>
Undistributed expenditures - child study teams					
Salaries of other professional staff	747,700	-	747,700	738,938	8,762
Salaries of secretarial and clerical assistants	161,220	-	161,220	161,016	204
Other salaries	3,090	-	3,090	-	3,090
Other purchased professional & technical services	111,090	(62,400)	48,690	36,669	12,021
Other purchased services	30,588	(3,500)	27,088	22,175	4,913
Supplies and materials	14,100	-	14,100	14,098	2
<b>Total</b>	<b>1,067,788</b>	<b>(65,900)</b>	<b>1,001,888</b>	<b>972,896</b>	<b>28,992</b>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	447,932	-	447,932	444,377	3,555
Salaries of other professional staff	14,010	7,240	21,250	11,338	9,912
Salaries of secretarial & clerical assist	27,304	-	27,304	27,239	65
Other purchased services	15,250	-	15,250	5,769	9,481
Supplies and materials	4,230	57,910	62,140	33,086	29,054
Other objects	7,730	-	7,730	6,852	878
<b>Total</b>	<b>516,456</b>	<b>65,150</b>	<b>581,606</b>	<b>528,661</b>	<b>52,945</b>
Undistributed expenditures - edu. media service/sch. library					
Salaries	517,610	(27,213)	490,397	490,103	294
Salaries of technology coordinators	56,771	-	56,771	56,636	135
Purchased professional and technical services	7,000	(7,000)	-	-	-
Other purchased services	227,950	(56,406)	171,544	171,466	78
Supplies and materials	17,665	(1,281)	16,384	15,775	609
Other objects	65	-	65	65	-
<b>Total</b>	<b>827,061</b>	<b>(91,900)</b>	<b>735,161</b>	<b>734,045</b>	<b>1,116</b>
Undistributed expenditures - instructional staff training services					
Salaries of other professional staff	215,650	-	215,650	189,669	25,981
Salaries of secretarial & clerical assist.	27,304	-	27,304	27,239	65
Purchased professional - educational services	10,100	(4,100)	6,000	2,641	3,359
Other purchased services	38,490	(15,000)	23,490	10,148	13,342
Supplies and materials	5,800	(114)	5,686	5,056	630
<b>Total</b>	<b>297,344</b>	<b>(19,214)</b>	<b>278,130</b>	<b>234,753</b>	<b>43,377</b>

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expend. - support service - general admin.					
Salaries	\$ 265,406	\$ 774	\$ 266,180	\$ 258,773	\$ 7,407
Legal services	100,000	(42,000)	58,000	26,615	31,385
Audit fees	67,200	-	67,200	34,950	32,250
Architectural/engineering services	3,000	500	3,500	3,500	-
Other purchased professional services	24,900	-	24,900	22,850	2,050
Purchased technical services	2,100	-	2,100	-	2,100
Communications/telephone	112,460	(6,000)	106,460	92,203	14,257
BOE other purchased services	6,000	(3,500)	2,500	900	1,600
Miscellaneous purchased services	84,550	(5,000)	79,550	68,999	10,551
General supplies	3,000	26,991	29,991	4,097	25,894
BOE in-house training/meeting supplies	1,050	-	1,050	262	788
Miscellaneous expenditures	3,500	-	3,500	3,261	239
BOE membership dues and fees	19,100	-	19,100	17,517	1,583
Total	<u>692,266</u>	<u>(28,235)</u>	<u>664,031</u>	<u>533,927</u>	<u>130,104</u>
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	857,660	-	857,660	843,940	13,720
Salaries of secretarial and clerical assistants	446,050	562	446,612	437,158	9,454
Other purchased services	43,405	(10,341)	33,064	26,370	6,694
Supplies and materials	23,477	33,454	56,931	44,510	12,421
Other objects	7,370	(155)	7,215	6,165	1,050
Total	<u>1,377,962</u>	<u>23,520</u>	<u>1,401,482</u>	<u>1,358,143</u>	<u>43,339</u>
Undistributed expenditures - central services					
Salaries	436,536	(14,500)	422,036	421,719	317
Purchased professional services	1,050	-	1,050	1,000	50
Purchased technical services	24,000	7,056	31,056	29,904	1,152
Miscellaneous purchased services	5,900	(1,193)	4,707	4,602	105
Supplies and materials	4,100	2,110	6,210	6,210	-
Other objects	2,775	2,333	5,108	4,608	500
Total	<u>474,361</u>	<u>(4,194)</u>	<u>470,167</u>	<u>468,043</u>	<u>2,124</u>
Undistributed expenditures - admin. info. technology					
Salaries	91,158	-	91,158	56,637	34,521
Other purchased services	3,500	(2,000)	1,500	693	807
Other objects	1,200	-	1,200	-	1,200
Total	<u>95,858</u>	<u>(2,000)</u>	<u>93,858</u>	<u>57,330</u>	<u>36,528</u>
Undistributed expend. - required maint. for school facilities					
Salaries	340,623	(29,985)	310,638	282,463	28,175
Cleaning, repair, and maintenance services	351,430	42,593	394,023	353,011	41,012
Lead testing in water	-	500	500	60	440
General supplies	79,779	800	80,579	66,764	13,815
Total	<u>771,832</u>	<u>13,908</u>	<u>785,740</u>	<u>702,298</u>	<u>83,442</u>

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 270,237	\$ 550	\$ 270,787	\$ 239,293	\$ 31,494
Purchased professional and technical services	42,000	-	42,000	38,485	3,515
Cleaning, repair, and maintenance service	844,981	(2,240)	842,741	829,103	13,638
Other purchased property services	31,000	5,120	36,120	36,115	5
Insurance	74,450	-	74,450	73,345	1,105
Miscellaneous purchased services	10,500	-	10,500	9,617	883
General supplies	136,000	(800)	135,200	118,302	16,898
Energy (natural gas)	170,000	30,000	200,000	177,927	22,073
Energy (electricity)	397,000	-	397,000	380,238	16,762
Other objects	3,000	31	3,031	3,031	-
<b>Total</b>	<b>1,979,168</b>	<b>32,661</b>	<b>2,011,829</b>	<b>1,905,456</b>	<b>106,373</b>
Undistributed expenditures - care and upkeep of grounds					
Salaries	57,658	7,700	65,358	62,451	2,907
Cleaning, repair, and maintenance service	39,500	-	39,500	33,405	6,095
General supplies	30,659	-	30,659	22,559	8,100
<b>Total</b>	<b>127,817</b>	<b>7,700</b>	<b>135,517</b>	<b>118,415</b>	<b>17,102</b>
Undistributed expenditures - security					
Purchased professional and technical services	57,000	6,473	63,473	60,146	3,327
Cleaning, repair, and maintenance service	3,000	-	3,000	-	3,000
General supplies	2,000	-	2,000	1,997	3
<b>Total</b>	<b>62,000</b>	<b>6,473</b>	<b>68,473</b>	<b>62,143</b>	<b>6,330</b>
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	5,000	-	5,000	-	5,000
Salaries for pupil trans. (between home & school) - reg.	529,337	22,800	552,137	546,038	6,099
Salaries for pupil trans. (between home & school) - sp. ed.	212,789	951	213,740	99,076	114,664
Salaries for pupil trans. (other than between home & school)	64,734	-	64,734	29,341	35,393
Management fee - ESC & CTSA trans. program	15,500	-	15,500	-	15,500
Other purchased professional and technical service	147,700	-	147,700	145,767	1,933
Cleaning, repair, & maint. services	43,296	(16,000)	27,296	5,731	21,565
Contract service (between home & school) - vendors	162,695	-	162,695	95,803	66,892
Contr service (oth. than between home & school) - vend.	-	106,393	106,393	76,179	30,214
Contract service (between home & school) - joint agreements	75,000	-	75,000	65,833	9,167
Contract service (sp. ed. stds) - ESCs & CTSA	225,920	-	225,920	220,555	5,365
Miscellaneous purchased services - transportation	54,585	-	54,585	50,368	4,217
General supplies	3,006	365	3,371	3,365	6
Transportation supplies	189,862	(10,355)	179,507	155,113	24,394
Other objects	3,590	(110)	3,480	1,725	1,755
<b>Total</b>	<b>1,733,014</b>	<b>104,044</b>	<b>1,837,058</b>	<b>1,494,894</b>	<b>342,164</b>

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Unallocated benefits - employee benefits					
Social security contributions	\$ 455,000	\$ -	\$ 455,000	\$ 410,348	\$ 44,652
Other retirement contributions - PERS	614,900	-	614,900	601,961	12,939
Other retirement contributions - regular	13,000	-	13,000	10,124	2,876
Unemployment compensation	86,000	-	86,000	71,589	14,411
Workmen's compensation	274,000	(7,900)	266,100	266,062	38
Health benefits	4,732,690	(194,771)	4,537,919	4,054,292	483,627
Tuition reimbursement	225,112	(44,223)	180,889	72,191	108,698
Other employee benefits	226,500	(18,914)	207,586	196,431	11,155
Unused sick payment to terminated/retired staff	-	60,800	60,800	60,746	54
Total	<u>6,627,202</u>	<u>(205,008)</u>	<u>6,422,194</u>	<u>5,743,744</u>	<u>678,450</u>
On-behalf TPAF Pension contribution	-	-	-	5,425,366	(5,425,366)
On-behalf TPAF Non-contributory insurance	-	-	-	76,544	(76,544)
On-behalf TPAF Postretirement medical benefits	-	-	-	1,285,469	(1,285,469)
On-behalf TPAF Long-term disability insurance	-	-	-	1,888	(1,888)
Reimbursed TPAF Social Security contribution	-	-	-	1,104,109	(1,104,109)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,893,376</u>	<u>(7,893,376)</u>
Total undistributed expenditures	<u>\$ 19,475,319</u>	<u>\$ (22,132)</u>	<u>\$ 19,453,187</u>	<u>\$ 25,155,951</u>	<u>\$ (5,702,764)</u>
Total current	<u>\$ 33,982,744</u>	<u>\$ (223,369)</u>	<u>\$ 33,759,375</u>	<u>\$ 39,213,237</u>	<u>\$ (5,453,862)</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ 13,571	\$ 80,874	\$ 94,445	\$ 50,347	\$ 44,098
Undistributed expend. - support service - related & extra.	2,650	-	2,650	-	2,650
Undistributed expenditures - central services	-	4,700	4,700	4,520	180
Undistributed expenditures - custodial services	39,277	16,600	55,877	55,876	1
Undistributed expenditures - care and upkeep of grounds	126,710	14,700	141,410	137,077	4,333
Undistributed expenditures student transportation	42,297	-	42,297	39,743	2,554
School buses - regular	221,950	110,500	332,450	330,132	2,318
Total equipment	<u>446,455</u>	<u>227,374</u>	<u>673,829</u>	<u>617,695</u>	<u>56,134</u>
Facilities acquisition and construction service					
Architectural/engineering services	27,734	153,000	180,734	144,229	36,505
Construction services	1,380,000	-	1,380,000	966,846	413,154
Land and improvements	-	78,551	78,551	78,495	56
Assessment for debt service on SDA funding	67,811	-	67,811	67,811	-
Total facilities acquisition and construction service	<u>1,475,545</u>	<u>231,551</u>	<u>1,707,096</u>	<u>1,257,381</u>	<u>449,715</u>
Total capital outlay	<u>\$ 1,922,000</u>	<u>\$ 458,925</u>	<u>\$ 2,380,925</u>	<u>\$ 1,875,076</u>	<u>\$ 505,849</u>
Total expenditures	<u>\$ 35,904,744</u>	<u>\$ 235,556</u>	<u>\$ 36,140,300</u>	<u>\$ 41,088,313</u>	<u>\$ (4,948,013)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,923,714)</u>	<u>\$ (157,005)</u>	<u>\$ (3,080,719)</u>	<u>\$ 318,652</u>	<u>\$ 3,399,371</u>

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Fund balances, July 1	\$ 8,846,484	\$ -	\$ 8,846,484	\$ 8,846,484	\$ -
Fund balances, June 30	<u>\$ 5,922,770</u>	<u>\$ (157,005)</u>	<u>\$ 5,765,765</u>	<u>\$ 9,165,136</u>	<u>\$ 3,399,371</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (423,159)	\$ -	\$ (423,159)	\$ (423,159)	\$ -
Increase in capital reserve	-	1,500,000	1,500,000	1,500,000	-
Interest deposit to capital reserve	4,000	-	4,000	1,997	(2,003)
Withdrawal from capital reserve	(1,380,000)	(153,000)	(1,533,000)	(1,119,846)	413,154
Increase in emergency reserve	-	100,000	100,000	100,000	-
Interest earned on emergency reserve	-	-	-	42	42
Increase in maintenance reserve	-	356,090	356,090	356,090	-
Withdrawal from maintenance reserve	(215,000)	-	(215,000)	(215,000)	-
Budgeted fund balance	(909,555)	(1,960,095)	(2,869,650)	118,528	2,988,178
Total	<u>\$ (2,923,714)</u>	<u>\$ (157,005)</u>	<u>\$ (3,080,719)</u>	<u>\$ 318,652</u>	<u>\$ 3,399,371</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 815,000	
Excess surplus - current year				800,000	
Capital reserve				5,113,320	
Emergency reserve				225,042	
Maintenance reserve				887,036	
Committed fund balance					
Year-end encumbrances				214,110	
Unassigned fund balance				<u>1,110,628</u>	
Fund balance per budgetary basis				9,165,136	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(186,823)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 8,978,313</u>	

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance
	Original Budget	Budget Transfers	Final Budget		Final to Actual
Revenues					
Local sources	\$ 20,884	\$ 111,224	\$ 132,108	\$ 114,867	\$ (17,241)
State sources	33,632	-	33,632	33,632	-
Federal sources	1,349,219	-	1,349,219	635,174	(714,045)
Total revenues	<u>\$ 1,403,735</u>	<u>\$ 111,224</u>	<u>\$ 1,514,959</u>	<u>\$ 783,673</u>	<u>\$ (731,286)</u>
Expenditures					
Instruction					
Salaries	\$ 406,400	\$ -	\$ 406,400	\$ 91,013	\$ 315,387
Purchased professional and technical services	40,699	36,000	76,699	18,479	58,220
General supplies	220,523	-	220,523	90,298	130,225
Total	<u>667,622</u>	<u>36,000</u>	<u>703,622</u>	<u>199,790</u>	<u>503,832</u>
Support services					
Tuition	366,134	-	366,134	366,134	-
Salaries	6,503	-	6,503	-	6,503
Employee benefits	31,587	-	31,587	6,962	24,625
Purchased professional and technical services	229,223	(2,689)	226,534	53,175	173,359
Other purchased services	100,673	(33,311)	67,362	44,395	22,967
Supplies	1,993	-	1,993	1,993	-
Scholarships awarded	-	200	200	200	-
Student activities	-	98,802	98,802	98,802	-
Total	<u>736,113</u>	<u>63,002</u>	<u>799,115</u>	<u>571,661</u>	<u>227,454</u>
Total expenditures	<u>\$ 1,403,735</u>	<u>\$ 99,002</u>	<u>\$ 1,502,737</u>	<u>\$ 771,451</u>	<u>\$ 731,286</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 12,222	\$ 12,222	\$ 12,222	\$ -
Fund balances, July 1	<u>67,200</u>	<u>-</u>	<u>67,200</u>	<u>67,200</u>	<u>-</u>
Fund balances, June 30	<u>\$ 67,200</u>	<u>\$ 12,222</u>	<u>\$ 79,422</u>	<u>\$ 79,422</u>	<u>\$ -</u>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 73,757	
Scholarships				5,665	
Fund balance per budgetary basis				<u>\$ 79,422</u>	

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2022**

Explanation of Differences Between Budgetary Inflows and  
Outflows and GAAP Revenues and Expenditures

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 41,406,965	\$ 783,673
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year		754
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expenses (GASB 33):		
State aid receivable prior year	166,821	-
State aid receivable current year	(186,823)	-
Total revenues (GAAP basis)	<u>\$ 41,386,963</u>	<u>\$ 784,427</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 41,088,313	\$ 771,451
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:		
Outstanding encumbrances - prior year	-	754
Total expenditures (GAAP basis)	<u>\$ 41,088,313</u>	<u>\$ 772,205</u>

See independent auditors' report.



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**SCHEDULES RELATED TO ACCOUNTING  
AND REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employees Retirement System**  
**Last Ten Fiscal Years**

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2013	0.0445193222%	\$ 8,508,527	\$ 3,026,223	281.16%	48.72%
2014	0.0457782148%	8,570,934	3,191,173	268.58%	52.08%
2015	0.0480161369%	10,778,661	3,084,486	349.45%	47.93%
2016	0.0456683389%	13,525,652	3,113,569	434.41%	40.14%
2017	0.0449689181%	10,468,045	3,055,998	342.54%	48.10%
2018	0.0443078500%	8,723,996	3,242,311	269.07%	53.60%
2019	0.0480030215%	8,649,416	3,599,229	240.31%	56.27%
2020	0.0506771993%	8,264,126	3,685,998	224.20%	58.32%
2021	0.0513960944%	6,088,638	3,680,952	165.41%	70.33%
2022	N/A	-	3,707,446	N/A	N/A

N/A = Information not available

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of District's Contributions**  
**Public Employees Retirement System**  
**Last Ten Fiscal Years**

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2013	\$ 343,867	\$ (343,867)	\$ -	\$ 3,026,223	11.36%
2014	335,444	(335,444)	-	3,191,173	10.51%
2015	377,389	(377,389)	-	3,084,486	12.24%
2016	412,810	(412,810)	-	3,113,569	13.26%
2017	405,711	(405,711)	-	3,055,998	13.28%
2018	416,589	(416,589)	-	3,242,311	12.85%
2019	440,720	(440,720)	-	3,599,229	12.24%
2020	466,928	(466,928)	-	3,685,998	12.67%
2021	554,383	(554,383)	-	3,680,952	15.06%
2022	601,908	(601,908)	-	3,707,446	16.24%

N/A = Information not available

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teacher's Pension and Annuity Fund**  
**Last Ten Fiscal Years**

	Proportionate share of net pension liability (asset)			Total	District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as as a percentage of the total pension liability
	District's proportion		State's				
	Percentage	Value	proportion				
2013	0.00%	\$ -	\$ 73,638,734	\$ 73,638,734	\$ 13,904,799	0.00%	33.76%
2014	0.00%	-	73,924,434	73,924,434	13,993,415	0.00%	33.64%
2015	0.00%	-	89,215,568	89,215,568	13,835,859	0.00%	28.71%
2016	0.00%	-	109,635,356	109,635,356	13,800,976	0.00%	22.33%
2017	0.00%	-	90,187,865	90,187,865	13,980,596	0.00%	25.41%
2018	0.00%	-	85,284,537	85,284,537	13,327,916	0.00%	26.49%
2019	0.00%	-	81,042,180	81,042,180	15,179,915	0.00%	26.95%
2020	0.00%	-	85,519,421	85,519,421	14,781,847	0.00%	24.60%
2021	0.00%	-	65,230,517	65,230,517	14,952,483	0.00%	35.52%
2022	N/A	N/A	-	-	15,200,883	N/A	N/A

N/A = Information not available

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of District's Contributions**  
**Teacher's Pension and Annuity Fund**  
**Last Ten Fiscal Years**

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2013	\$ 941,487	\$ (941,487)	\$ -	\$ 13,904,799	6.77%
2014	585,126	(585,126)	-	13,993,415	4.18%
2015	763,132	(763,132)	-	13,835,859	5.52%
2016	1,115,830	(1,115,830)	-	13,800,976	8.09%
2017	1,504,571	(1,504,571)	-	13,980,596	10.76%
2018	2,022,103	(2,022,103)	-	13,327,916	15.17%
2019	2,651,528	(2,651,528)	-	15,179,915	17.47%
2020	2,655,114	(2,655,114)	-	14,781,847	17.96%
2021	2,942,945	(2,942,945)	-	14,952,483	19.68%
2022	3,976,248	(3,976,248)	-	15,200,883	26.16%

N/A = Information not available

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR  
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Other**  
**Postemployment Employee Benefits Liability**  
**Last Ten Fiscal Years**

	Proportionate share of other postemployment employee benefits liability (asset)			Total	District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other postemployment employee benefits liability
	District's proportion		State's				
	Percentage	Value	proportion				
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	0.00%	\$ -	\$ 70,176,341	\$ 70,176,341	\$ 17,036,594	0.00%	0.00%
2018	0.00%	-	59,173,393	59,173,393	16,570,227	0.00%	0.00%
2019	0.00%	-	55,818,313	55,818,313	18,779,144	0.00%	0.00%
2020	0.00%	-	92,884,814	92,884,814	18,467,845	0.00%	0.00%
2021	0.00%	-	81,208,401	81,208,401	18,633,435	0.00%	0.00%
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information not available

See independent auditors' report.



**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2022**

- Note 1 - Special funding situation - TPAF and other postretirement benefits  
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF  
The discount rate was 5.40% in State fiscal year 2020 and 7.00% in State fiscal year 2021. The inflation rate was 2.75% in State fiscal year 2020 and 2.75% in State fiscal year 2021.
- Note 3 - Changes in assumptions - PERS  
The discount rate was 7.00% in State fiscal year 2020 and 7.00% in State fiscal year 2021. The inflation rate was 2.75% for State fiscal year 2020 and 2.75% for State fiscal year 2021.
- Note 4 - Changes in assumptions - other postretirement employee benefits  
The other postretirement employee benefits discount rate decreased from 2.21% in State fiscal year 2020 to 2.16% in State fiscal year 2021. The inflation rate was 2.50% for State fiscal year 2020 and 2021.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits  
For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits  
There was a decrease in liability from June 30, 2021 to June 30, 2022 due to employers adopting Chapter 44 provisions.

## **SPECIAL REVENUE FUND**

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2022**

	Total Brought Forward	ESSA Title III	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IIA	Total
<b>Revenues</b>							
Local sources	\$ 114,867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,867
State sources	33,632	-	-	-	-	-	33,632
Federal sources	244,116	13,041	336,622	13,665	8,525	19,205	635,174
Total revenues	<u>\$ 392,615</u>	<u>\$ 13,041</u>	<u>\$ 336,622</u>	<u>\$ 13,665</u>	<u>\$ 8,525</u>	<u>\$ 19,205</u>	<u>\$ 783,673</u>
<b>Expenditures</b>							
<b>Instruction</b>							
Salaries	\$ 91,013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,013
Purchased professional and technical services	17,780	699	-	-	-	-	18,479
Tuition - private school	27,982	-	324,487	13,665	-	-	366,134
General supplies	59,431	12,342	10,000	-	8,525	-	90,298
Total	<u>196,206</u>	<u>13,041</u>	<u>334,487</u>	<u>13,665</u>	<u>8,525</u>	<u>-</u>	<u>565,924</u>
<b>Support services</b>							
Employee benefits	6,962	-	-	-	-	-	6,962
Purchased professional and technical services	38,700	-	1,975	-	-	12,500	53,175
Other purchased services	39,505	-	160	-	-	4,730	44,395
Supplies	18	-	-	-	-	1,975	1,993
Scholarships awarded	200	-	-	-	-	-	200
Student activities	98,802	-	-	-	-	-	98,802
Total	<u>184,187</u>	<u>-</u>	<u>2,135</u>	<u>-</u>	<u>-</u>	<u>19,205</u>	<u>205,527</u>
Total expenditures	<u>\$ 380,393</u>	<u>\$ 13,041</u>	<u>\$ 336,622</u>	<u>\$ 13,665</u>	<u>\$ 8,525</u>	<u>\$ 19,205</u>	<u>\$ 771,451</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 12,222	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,222
Fund balances, July 1	67,200	-	-	-	-	-	67,200
Fund balances, June 30	<u>\$ 79,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,422</u>

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Total Brought Forward	ESSA Title III Immigrant	ESSA Title IV	ARP IDEA Basic	ARP IDEA Preschool	Total Carried Forward
<b>Revenues</b>						
Local sources	\$ 114,867	\$ -	\$ -	\$ -	\$ -	\$ 114,867
State sources	33,632	-	-	-	-	33,632
Federal sources	177,193	1,670	10,000	49,987	5,266	244,116
Total revenues	<u>\$ 325,692</u>	<u>\$ 1,670</u>	<u>\$ 10,000</u>	<u>\$ 49,987</u>	<u>\$ 5,266</u>	<u>\$ 392,615</u>
<b>Expenditures</b>						
<b>Instruction</b>						
Salaries	\$ 91,013	\$ -	\$ -	\$ -	\$ -	\$ 91,013
Purchased professional and technical services	17,780	-	-	-	-	17,780
Tuition - private school	-	-	-	24,716	3,266	27,982
General supplies	28,363	1,670	6,000	21,398	2,000	59,431
Total	<u>137,156</u>	<u>1,670</u>	<u>6,000</u>	<u>46,114</u>	<u>5,266</u>	<u>196,206</u>
<b>Support services</b>						
Employee benefits	6,962	-	-	-	-	6,962
Purchased professional and technical services	36,700	-	2,000	-	-	38,700
Other purchased services	33,632	-	2,000	3,873	-	39,505
Supplies	18	-	-	-	-	18
Scholarships awarded	200	-	-	-	-	200
Student activities	98,802	-	-	-	-	98,802
Total	<u>176,314</u>	<u>-</u>	<u>4,000</u>	<u>3,873</u>	<u>-</u>	<u>184,187</u>
Total expenditures	<u>\$ 313,470</u>	<u>\$ 1,670</u>	<u>\$ 10,000</u>	<u>\$ 49,987</u>	<u>\$ 5,266</u>	<u>\$ 380,393</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 12,222	\$ -	\$ -	\$ -	\$ -	\$ 12,222
Fund balances, July 1	67,200	-	-	-	-	67,200
Fund balances, June 30	<u>\$ 79,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,422</u>

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Total Brought Forward	CRRSA ESSER II	CRRSA Learning Acceleration	CRRSA Mental Health	ARP ESSER III	Total Carried Forward
<b>Revenues</b>						
Local sources	\$ 114,867	\$ -	\$ -	\$ -	\$ -	\$ 114,867
State sources	33,632	-	-	-	-	33,632
Federal sources	17,780	103,916	24,750	9,200	21,547	177,193
<b>Total revenues</b>	<u>\$ 166,279</u>	<u>\$ 103,916</u>	<u>\$ 24,750</u>	<u>\$ 9,200</u>	<u>\$ 21,547</u>	<u>\$ 325,692</u>
<b>Expenditures</b>						
<b>Instruction</b>						
Salaries	\$ -	\$ 59,746	\$ 17,418	\$ -	\$ 13,849	91,013
Purchased professional and technical services	17,780	-	-	-	-	17,780
Tuition - private school	-	-	-	-	-	-
General supplies	3,625	18,099	-	-	6,639	28,363
<b>Total</b>	<u>21,405</u>	<u>77,845</u>	<u>17,418</u>	<u>-</u>	<u>20,488</u>	<u>137,156</u>
<b>Support services</b>						
Employee benefits	-	4,571	1,332	-	1,059	6,962
Purchased professional and technical services	-	21,500	6,000	9,200	-	36,700
Other purchased services	33,632	-	-	-	-	33,632
Supplies	18	-	-	-	-	18
Scholarships awarded	200	-	-	-	-	200
Student activities	98,802	-	-	-	-	98,802
<b>Total</b>	<u>132,652</u>	<u>26,071</u>	<u>7,332</u>	<u>9,200</u>	<u>1,059</u>	<u>176,314</u>
<b>Total expenditures</b>	<u>\$ 154,057</u>	<u>\$ 103,916</u>	<u>\$ 24,750</u>	<u>\$ 9,200</u>	<u>\$ 21,547</u>	<u>\$ 313,470</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 12,222	\$ -	\$ -	\$ -	\$ -	\$ 12,222
Fund balances, July 1	67,200	-	-	-	-	67,200
Fund balances, June 30	<u>\$ 79,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,422</u>

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	ARP Beyond the School Day	SDA Emergent and Capital Maintenance Needs	Local Grants	Scholarships	Student Activities	Total Carried Forward
<b>Revenues</b>						
Local sources	\$ -	\$ -	\$ 3,643	\$ -	\$ 111,224	\$ 114,867
State sources	-	33,632	-	-	-	33,632
Federal sources	17,780	-	-	-	-	17,780
Total revenues	<u>\$ 17,780</u>	<u>\$ 33,632</u>	<u>\$ 3,643</u>	<u>\$ -</u>	<u>\$ 111,224</u>	<u>\$ 166,279</u>
<b>Expenditures</b>						
<b>Instruction</b>						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	-
Purchased professional and technical services	17,780	-	-	-	-	17,780
Tuition - private school	-	-	-	-	-	-
General supplies	-	-	3,625	-	-	3,625
Total	<u>17,780</u>	<u>-</u>	<u>3,625</u>	<u>-</u>	<u>-</u>	<u>21,405</u>
<b>Support services</b>						
Employee benefits	-	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	-	-
Other purchased services	-	33,632	-	-	-	33,632
Supplies	-	-	18	-	-	18
Scholarships awarded	-	-	-	200	-	200
Student activities	-	-	-	-	98,802	98,802
Total	<u>-</u>	<u>33,632</u>	<u>18</u>	<u>200</u>	<u>98,802</u>	<u>132,652</u>
Total expenditures	<u>\$ 17,780</u>	<u>\$ 33,632</u>	<u>\$ 3,643</u>	<u>\$ 200</u>	<u>\$ 98,802</u>	<u>\$ 154,057</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ (200)	\$ 12,422	\$ 12,222
Fund balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,865</u>	<u>61,335</u>	<u>67,200</u>
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,665</u>	<u>\$ 73,757</u>	<u>\$ 79,422</u>

See independent auditors' report.

## **CAPITAL PROJECTS FUND**

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

(NOT APPLICABLE TO THIS REPORT)

## **PROPRIETARY FUND**

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

**See Statements B-4, B-5, and B-6.**



## **FIDUCIARY FUNDS**

Fiduciary funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

(NOT APPLICABLE TO THIS REPORT)

## **LONG-TERM DEBT SCHEDULES**

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under leases, and early retirement program.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**For the Fiscal Year Ended June 30, 2022**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/21	Issued	Retired	Balance 06/30/22
			Date	Amount					
Refunding school bonds of 2013	10/09/13	\$ 7,905,000	01/01/23	\$ 640,000	3.00%	\$ 4,035,000	\$ -	\$ 625,000	\$ 3,410,000
			01/01/24	660,000	3.00%	-	-	-	-
			01/01/25	685,000	3.13%	-	-	-	-
			01/01/26	700,000	3.25%	-	-	-	-
			01/01/27	725,000	3.38%	-	-	-	-
Refunding school bonds of 2017	05/23/17	8,495,000	07/15/22	1,045,000	4.00%	6,745,000	-	995,000	5,750,000
			07/15/23	1,095,000	5.00%	-	-	-	-
			07/15/24	1,155,000	5.00%	-	-	-	-
			07/15/25	1,225,000	5.00%	-	-	-	-
			07/15/26	1,230,000	5.00%	-	-	-	-
						<u>\$ 10,780,000</u>	<u>\$ -</u>	<u>\$ 1,620,000</u>	<u>\$ 9,160,000</u>

See independent auditor's report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources - debt service tax levy	\$ 1,905,521	\$ -	\$ 1,905,521	\$ 1,905,521	\$ -
State sources - debt service aid	7,133	-	7,133	7,133	-
Total revenues	<u>1,912,654</u>	<u>-</u>	<u>1,912,654</u>	<u>1,912,654</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of bond principal	1,620,000	-	1,620,000	1,620,000	-
Interest on bonds	426,788	-	426,788	426,788	-
Total expenditures	<u>2,046,788</u>	<u>-</u>	<u>2,046,788</u>	<u>2,046,788</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(134,134)	-	(134,134)	(134,134)	-
Fund balance, July 1	<u>134,134</u>	<u>-</u>	<u>134,134</u>	<u>134,134</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

## **STATISTICAL SECTION**

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Statistical Section J Series**

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
<b>OPERATING INFORMATION</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Net Position by Component**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Government activities										
Net investment in										
capital assets	\$ 18,900,825	\$ 19,567,989	\$ 21,148,418	\$ 21,870,825	\$ 23,434,089	\$ 26,063,244	\$ 27,329,544	\$ 28,443,477	\$ 30,432,087	\$ 32,047,605
Restricted	5,271,205	4,940,642	4,899,507	5,308,140	6,039,014	4,774,287	4,565,452	5,500,633	5,803,449	6,304,820
Unrestricted	784,125	(7,028,548)	(7,173,776)	(7,320,859)	(9,287,158)	(9,507,682)	(9,023,572)	(8,843,301)	(8,032,739)	(6,879,864)
Total governmental activities	<u>\$ 24,956,155</u>	<u>\$ 17,480,083</u>	<u>\$ 18,874,149</u>	<u>\$ 19,858,106</u>	<u>\$ 20,185,945</u>	<u>\$ 21,329,849</u>	<u>\$ 22,871,424</u>	<u>\$ 25,100,809</u>	<u>\$ 28,202,797</u>	<u>\$ 31,472,561</u>
								*		
Business-type activities										
Net investment in										
capital assets	\$ 45,550	\$ 39,990	\$ 34,979	\$ 29,968	\$ 29,229	\$ 24,325	\$ 57,736	\$ 49,423	\$ 41,655	\$ 109,243
Unrestricted	200,899	117,147	85,779	130,949	172,229	171,111	132,026	115,435	139,356	268,134
Total business-type activities	<u>\$ 246,449</u>	<u>\$ 157,137</u>	<u>\$ 120,758</u>	<u>\$ 160,917</u>	<u>\$ 201,458</u>	<u>\$ 195,436</u>	<u>\$ 189,762</u>	<u>\$ 164,858</u>	<u>\$ 181,011</u>	<u>\$ 377,377</u>
District-wide										
Net investment in										
capital assets	\$ 18,946,375	\$ 19,607,979	\$ 21,183,397	\$ 21,900,793	\$ 23,463,318	\$ 26,087,569	\$ 27,387,280	\$ 28,492,900	\$ 30,473,742	\$ 32,156,848
Restricted	5,271,205	4,940,642	4,899,507	5,308,140	6,039,014	4,774,287	4,565,452	5,500,633	5,803,449	6,304,820
Unrestricted	985,024	(6,911,401)	(7,087,997)	(7,189,910)	(9,114,929)	(9,336,571)	(8,891,546)	(8,727,866)	(7,893,383)	(6,611,730)
Total district-wide	<u>\$ 25,202,604</u>	<u>\$ 17,637,220</u>	<u>\$ 18,994,907</u>	<u>\$ 20,019,023</u>	<u>\$ 20,387,403</u>	<u>\$ 21,525,285</u>	<u>\$ 23,061,186</u>	<u>\$ 25,265,667</u>	<u>\$ 28,383,808</u>	<u>\$ 31,849,938</u>
								*		

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction										
Regular	\$ 13,434,484	\$ 12,639,720	\$ 14,792,796	\$ 15,532,061	\$ 17,497,506	\$ 19,047,867	\$ 18,323,278	\$ 17,301,617	\$ 19,889,205	\$ 19,566,693
Special education	4,600,346	4,492,434	5,374,421	5,797,724	6,409,476	7,140,540	6,711,755	6,569,476	7,541,579	6,825,523
Other special education	1,160,214	1,178,118	1,354,506	1,410,624	1,733,351	1,680,881	1,672,180	1,459,568	1,782,799	1,655,310
Other instruction	369,819	384,880	381,331	425,542	445,971	484,552	439,310	509,542	217,292	399,566
Support services										
Tuition	614,482	708,273	787,923	583,148	602,237	975,604	1,075,150	935,044	762,399	675,274
Student and instruction related services	5,015,386	5,129,190	6,189,717	6,695,902	7,304,973	7,651,285	7,544,200	7,838,400	9,082,443	8,671,614
General and business administrative services	1,351,217	1,647,645	1,621,382	1,792,644	1,983,103	1,640,582	1,733,752	1,756,304	1,815,141	1,612,904
School administration	1,725,208	1,690,141	1,964,952	2,101,185	2,354,438	2,654,318	2,431,356	2,350,013	2,753,272	2,642,625
Plant operations and maintenance	2,450,613	2,556,242	2,413,523	2,505,463	2,623,557	2,810,879	2,794,372	2,879,796	2,981,426	3,082,678
Pupil transportation	2,035,908	2,054,985	1,714,418	1,571,941	1,851,479	2,042,716	1,906,964	1,743,300	1,872,310	1,974,575
Interest on long-term debt	1,014,502	809,984	842,475	802,887	649,110	657,835	421,416	421,510	370,342	305,984
Total governmental activities expenses	<u>33,772,179</u>	<u>33,291,612</u>	<u>37,437,444</u>	<u>39,219,121</u>	<u>43,455,201</u>	<u>46,787,059</u>	<u>45,053,733</u>	<u>43,764,570</u>	<u>49,068,208</u>	<u>47,412,746</u>
Business-type activities										
Food service	613,691	583,311	567,851	488,618	475,181	535,128	549,895	420,413	183,850	796,619
Summer program	29,760	23,962	20,901	17,509	15,676	10,677	13,153	9,393	-	12,023
Total business-type activities	<u>643,451</u>	<u>607,273</u>	<u>588,752</u>	<u>506,127</u>	<u>490,857</u>	<u>545,805</u>	<u>563,048</u>	<u>429,806</u>	<u>183,850</u>	<u>808,642</u>
Total district expenses	<u>\$ 34,415,630</u>	<u>\$ 33,898,885</u>	<u>\$ 38,026,196</u>	<u>\$ 39,725,248</u>	<u>\$ 43,946,058</u>	<u>\$ 47,332,864</u>	<u>\$ 45,616,781</u>	<u>\$ 44,194,376</u>	<u>\$ 49,252,058</u>	<u>\$ 48,221,388</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.



**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 22,832	\$ 54,359	\$ 76,222	\$ 51,592	\$ 54,865	\$ 49,299	\$ 108,943	\$ 106,760	\$ 68,609	\$ 117,788
Special education instruction	50,263	99,573	43,193	16,841	15,109	-	-	-	-	-
Student & instruction related services	30,000	116,750	117,918	120,276	121,044	150,154	150,844	185,757	184,659	111,224
Plant operations and maintenance	63,965	76,285	54,191	52,186	53,176	49,091	47,833	60,062	-	-
Pupil transportation	25,160	4,285	31,794	11,881	78,654	23,869	65,164	18,277	578	4,800
Operating grants and contributions	535,302	507,168	564,735	440,978	537,585	532,138	570,690	460,009	624,336	673,203
Capital grants and contributions	-	32,530	477,251	64,689	10,147	-	-	-	24,722	-
Total governmental activities	<u>727,522</u>	<u>890,950</u>	<u>1,365,304</u>	<u>758,443</u>	<u>870,580</u>	<u>804,551</u>	<u>943,474</u>	<u>830,865</u>	<u>902,904</u>	<u>907,015</u>
Business-type activities										
Charges for services										
Food service	461,034	397,259	418,003	411,684	401,220	408,719	425,936	285,918	1,997	116,368
Summer programs	27,618	21,225	20,350	22,483	14,235	8,007	13,843	8,180	-	22,000
Operating grants and contributions	103,253	98,764	113,326	111,606	114,565	117,972	115,944	109,131	196,942	866,452
Total business-type activities	<u>591,905</u>	<u>517,248</u>	<u>551,679</u>	<u>545,773</u>	<u>530,020</u>	<u>534,698</u>	<u>555,723</u>	<u>403,229</u>	<u>198,939</u>	<u>1,004,820</u>
Total district-wide program revenues	<u>\$ 1,319,427</u>	<u>\$ 1,408,198</u>	<u>\$ 1,916,983</u>	<u>\$ 1,304,216</u>	<u>\$ 1,400,600</u>	<u>\$ 1,339,249</u>	<u>\$ 1,499,197</u>	<u>\$ 1,234,094</u>	<u>\$ 1,101,843</u>	<u>\$ 1,911,835</u>
Net (expense) revenues										
Governmental activities	\$ (33,044,657)	\$ (32,400,662)	\$ (36,072,140)	\$ (38,460,678)	\$ (42,584,621)	\$ (45,982,508)	\$ (44,110,259)	\$ (42,933,705)	\$ (48,165,304)	\$ (46,505,731)
Business-type activities	(51,546)	(90,025)	(37,073)	39,646	39,163	(11,107)	(7,325)	(26,577)	15,089	196,178
Total District-wide net expenses	<u>\$ (33,096,203)</u>	<u>\$ (32,490,687)</u>	<u>\$ (36,109,213)</u>	<u>\$ (38,421,032)</u>	<u>\$ (42,545,458)</u>	<u>\$ (45,993,615)</u>	<u>\$ (44,117,584)</u>	<u>\$ (42,960,282)</u>	<u>\$ (48,150,215)</u>	<u>\$ (46,309,553)</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 26,586,701	\$ 26,582,012	\$ 26,582,012	\$ 26,643,599	\$ 26,906,853	\$ 27,444,990	\$ 28,788,825	\$ 29,566,452	\$ 30,237,361	\$ 30,842,108
Taxes levied for debt service	2,194,238	2,182,408	2,098,623	2,037,036	2,109,696	2,112,227	2,072,481	2,000,870	2,041,923	1,905,521
Unrestricted grants and contributions	4,560,512	4,157,942	8,644,779	10,549,409	13,619,700	17,432,113	14,636,797	13,399,683	18,929,918	16,974,563
Investment earnings	30,540	31,822	30,984	33,091	48,130	108,024	124,033	86,954	10,686	6,567
Miscellaneous income	144,537	136,924	109,808	155,465	219,980	29,058	61,699	34,395	47,404	49,290
Special item - proceeds from insurance claim	25,448	-	-	-	-	-	-	-	-	-
Special item - gain (loss) on disposition of assets	2,061	6,565	-	26,035	8,101	-	(32,001)	-	-	(2,554)
Total governmental activities	<u>33,544,037</u>	<u>33,097,673</u>	<u>37,466,206</u>	<u>39,444,635</u>	<u>42,912,460</u>	<u>47,126,412</u>	<u>45,651,834</u>	<u>45,088,354</u>	<u>51,267,292</u>	<u>49,775,495</u>
Business-type activities										
Investment earnings	913	707	527	513	451	2,448	2,800	1,647	122	136
Miscellaneous income		6	167	-	927	2,637	68	26	942	52
Special item - gain (loss) on disposition of assets	-	-	-	-	-	-	(1,217)	-	-	-
Total business-type activities	<u>913</u>	<u>713</u>	<u>694</u>	<u>513</u>	<u>1,378</u>	<u>5,085</u>	<u>1,651</u>	<u>1,673</u>	<u>1,064</u>	<u>188</u>
Total district-wide	<u>\$ 33,544,950</u>	<u>\$ 33,098,386</u>	<u>\$ 37,466,900</u>	<u>\$ 39,445,148</u>	<u>\$ 42,913,838</u>	<u>\$ 47,131,497</u>	<u>\$ 45,653,485</u>	<u>\$ 45,090,027</u>	<u>\$ 51,268,356</u>	<u>\$ 49,775,683</u>
Change in net position										
Governmental activities	\$ 499,380	\$ 697,011	\$ 1,394,066	\$ 983,957	\$ 327,839	\$ 1,143,904	\$ 1,541,575	\$ 2,154,649	\$ 3,101,988	\$ 3,269,764
Business-type activities	(50,633)	(89,312)	(36,379)	40,159	40,541	(6,022)	(5,674)	(24,904)	16,153	196,366
Total district	<u>\$ 448,747</u>	<u>\$ 607,699</u>	<u>\$ 1,357,687</u>	<u>\$ 1,024,116</u>	<u>\$ 368,380</u>	<u>\$ 1,137,882</u>	<u>\$ 1,535,901</u>	<u>\$ 2,129,745</u>	<u>\$ 3,118,141</u>	<u>\$ 3,466,130</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Restricted	\$ 5,786,207	\$ 4,404,201	\$ 5,225,677	\$ 6,338,677	\$ 7,566,975	\$ 6,202,767	\$ 5,963,700	\$ 6,862,300	\$ 7,242,115	\$ 7,840,398
Committed	372,039	499,975	182,693	250,268	60,613	137,866	346,016	320,712	423,159	214,110
Assigned	36,715	56,696	-	-	-	19,169	43,876	112,871	84,555	-
Unassigned	446,835	582,415	606,312	605,781	536,855	572,145	643,595	622,417	929,834	923,805
Total general fund	<u>\$ 6,641,796</u>	<u>\$ 5,543,287</u>	<u>\$ 6,014,682</u>	<u>\$ 7,194,726</u>	<u>\$ 8,164,443</u>	<u>\$ 6,931,947</u>	<u>\$ 6,997,187</u>	<u>\$ 7,918,300</u>	<u>\$ 8,679,663</u>	<u>\$ 8,978,313</u>
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,736	\$ 67,200	\$ 79,422
Capital projects fund	867,665	1,920,494	1,204,618	1,591,939	340,922	332,562	332,562	103,356	-	-
Assigned, reported in										
Debt service fund	13,264	75,779	75,758	-	10,868	13,276	2,408	134,134	134,134	-
Total all other governmental funds	<u>\$ 880,929</u>	<u>\$ 1,996,273</u>	<u>\$ 1,280,376</u>	<u>\$ 1,591,939</u>	<u>\$ 351,790</u>	<u>\$ 345,838</u>	<u>\$ 334,970</u>	<u>\$ 312,226</u>	<u>\$ 201,334</u>	<u>\$ 79,422</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Tax levy	\$ 28,780,939	\$ 28,764,420	\$ 28,680,635	\$ 28,680,635	\$ 29,016,549	\$ 29,557,217	\$ 30,861,306	\$ 31,567,322	\$ 32,279,284	\$ 32,747,629
Tuition charges	70,290	153,932	119,415	68,433	69,974	49,299	108,943	106,760	44,934	86,029
Transportation fees	3,976	2,740	30,651	5,300	4,410	6,225	7,960	5,200	460	4,800
Interest earnings	30,540	31,822	30,984	33,091	48,130	108,024	124,033	86,954	10,686	6,567
Local contributions	-	-	-	-	-	-	111,400	10,553	29,416	115,621
Miscellaneous	143,231	128,390	127,875	135,272	195,787	87,480	108,198	65,110	47,404	49,290
Rent and royalties	-	-	-	-	-	-	-	-	-	31,759
State sources	4,562,436	4,157,942	4,666,750	5,101,995	5,382,089	6,625,720	6,890,554	7,062,741	8,612,831	10,386,452
State sources - capital projects	-	32,530	477,251	64,689	10,147	-	-	-	24,722	-
Federal sources	519,018	506,572	515,143	430,168	516,647	546,780	484,565	464,504	632,889	655,897
<b>Total revenues</b>	<b>34,110,430</b>	<b>33,778,348</b>	<b>34,648,704</b>	<b>34,519,583</b>	<b>35,243,733</b>	<b>36,980,745</b>	<b>38,696,959</b>	<b>39,369,144</b>	<b>41,682,626</b>	<b>44,084,044</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	9,248,836	8,865,777	8,561,728	8,409,875	8,667,280	8,718,908	9,045,229	8,888,124	9,028,723	9,591,796
Special education instr.	3,077,130	3,060,710	3,149,810	3,184,856	3,197,239	3,333,486	3,382,801	3,526,311	3,550,699	3,415,314
Other special instruction	757,010	771,403	728,214	731,952	824,762	731,185	782,227	720,714	747,424	772,178
Other instruction	262,570	275,295	265,499	279,355	272,258	279,909	276,648	268,225	129,123	277,998
<b>Support services</b>										
Tuition	205,805	347,447	435,836	275,801	264,619	578,543	714,126	585,044	405,098	309,140
Student & instructional related services	3,451,729	3,566,545	3,682,757	3,736,526	3,624,785	3,665,310	3,962,214	4,065,150	4,145,801	4,509,042
General administration	537,283	587,730	538,087	584,315	561,157	529,140	566,130	586,645	478,430	476,596
School admin. services	1,217,813	1,169,356	1,179,916	1,214,701	1,229,833	1,239,415	1,276,311	1,308,662	1,383,389	1,415,473
Central services	418,120	432,803	439,609	433,996	519,533	419,667	433,917	449,157	456,497	468,044
Administrative information technology	30,307	72,272	70,358	74,915	79,946	79,464	83,109	86,511	88,308	57,330
Plant operations and maintenance	2,178,294	2,300,029	2,133,662	2,171,537	2,224,999	2,368,661	2,416,326	2,497,818	2,578,424	2,788,312
Pupil transportation	1,818,183	1,867,199	1,252,666	1,094,538	1,249,673	1,444,239	1,408,947	1,277,936	1,312,660	1,494,894
Employee benefits	4,452,886	4,429,031	5,055,633	4,923,510	4,986,488	5,164,964	5,384,450	5,488,861	5,491,209	5,743,744
On-behalf TPAF Pension & Social Security contrib.	3,081,345	2,571,355	2,975,277	3,477,161	3,770,332	4,290,449	4,957,016	5,040,596	6,366,029	7,893,376
Capital outlay	288,060	661,251	493,343	522,825	551,660	852,571	1,224,172	1,217,562	2,098,425	1,807,265

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Changes in Fund Balances - Governmental Funds (continued)**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenditures (cont'd)										
Special revenue funds	\$ 535,302	\$ 507,168	\$ 564,735	\$ 440,978	\$ 537,585	\$ 532,138	\$ 570,690	\$ 460,009	\$ 655,067	\$ 772,205
Capital projects	33,800	176,406	1,193,127	319,761	1,658,181	8,360	-	-	-	-
Debt service										
Principal	1,230,786	1,331,887	1,315,000	1,370,000	1,410,000	3,375,000	1,495,000	1,470,000	1,565,000	1,620,000
Interest & other charges	1,041,089	873,119	857,949	817,774	785,904	607,784	663,274	608,186	551,849	494,599
Total expenditures	<u>33,866,348</u>	<u>33,866,783</u>	<u>34,893,206</u>	<u>34,064,376</u>	<u>36,416,234</u>	<u>38,219,193</u>	<u>38,642,587</u>	<u>38,545,511</u>	<u>41,032,155</u>	<u>43,907,306</u>
Excess (deficiency) of revenues over (under) expenditures	<u>244,082</u>	<u>(88,435)</u>	<u>(244,502)</u>	<u>455,207</u>	<u>(1,172,501)</u>	<u>(1,238,448)</u>	<u>54,372</u>	<u>823,633</u>	<u>650,471</u>	<u>176,738</u>
Other financing sources (uses)										
Proceeds from bond issue & refunding bond issue	-	7,905,000	-	990,000	9,285,000	-	-	-	-	-
Premium on bond issue	-	279,024	-	-	1,276,745	-	-	-	-	-
Payments to refunding bond escrow agent	-	(8,085,319)	-	-	(9,667,777)	-	-	-	-	-
Proceeds from disposition of capital assets	2,061	6,565	-	46,400	8,101	-	-	-	-	-
Insurance claim proceeds for flooding damage	25,448	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>27,509</u>	<u>105,270</u>	<u>-</u>	<u>1,036,400</u>	<u>902,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 271,591</u>	<u>\$ 16,835</u>	<u>\$ (244,502)</u>	<u>\$ 1,491,607</u>	<u>\$ (270,432)</u>	<u>\$ (1,238,448)</u>	<u>\$ 54,372</u>	<u>\$ 823,633</u>	<u>\$ 650,471</u>	<u>\$ 176,738</u>
Debt service as a percentage of non-capital expenditures	7.26%	7.15%	7.00%	7.05%	6.86%	11.93%	6.12%	5.90%	5.75%	5.29%

Source: District Records

- Note: 1) Non-capital expenditures are total expenditures less capital outlay.  
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund - Other Local Revenues by Source**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Interest income	\$ 25,829	\$ 31,822	\$ 30,984	\$ 33,091	\$ 48,129	\$ 108,024	\$ 124,033	\$ 86,954	\$ 10,686	\$ 6,567
Tuition	21,104	153,932	119,415	68,434	69,974	49,299	108,943	106,760	44,934	86,029
Transportation fees	2,340	2,740	30,651	5,300	4,410	6,225	7,960	5,200	460	4,800
Building use rental income	48,701	51,842	43,863	44,585	43,881	42,692	46,499	30,715	-	31,759
Prior year refunds	2,738	14,616	-	-	4,246	1,812	16,548	12,761	31,205	6,151
Sale of surplus supplies	4,873	-	247	6,052	480	25	18,104	-	-	-
Donations	26,000	-	-	-	-	-	-	-	-	-
Prior year outstanding checks canceled	19	57	-	-	-	-	-	-	-	-
Prior year accounts payable canceled	-	-	-	-	-	283	-	-	-	-
E-rate telephone rebates	46,520	43,878	33,948	73,240	91,870	15,266	20,714	16,823	8,256	7,319
Sale of assets	-	-	-	-	-	1,445	1,349	4,765	4,330	15,956
Miscellaneous										
Account balances canceled	-	-	-	-	20,000	-	-	1	-	2,204
Refunds	-	-	-	360	-	55	-	-	-	14,121
Other	-	7,857	25	224	3,465	10,172	4,984	45	3,613	3,539
Annual totals	<u>\$ 178,124</u>	<u>\$ 306,744</u>	<u>\$ 259,133</u>	<u>\$ 231,286</u>	<u>\$ 286,455</u>	<u>\$ 235,298</u>	<u>\$ 349,134</u>	<u>\$ 264,024</u>	<u>\$ 103,484</u>	<u>\$ 178,445</u>

Source: District Records

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years**

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Vacant land	\$ 35,670,602	\$ 36,540,300	\$ 35,541,000	\$ 31,194,600	\$ 26,021,500	\$ 23,944,836	\$ 20,033,957	\$ 18,043,200	\$ 19,277,900	\$ 17,487,300
Residential	1,989,936,800	2,007,826,300	2,023,142,400	2,036,191,100	2,058,524,200	2,076,043,900	2,095,940,300	2,110,606,200	2,648,491,100	2,651,788,600
Farm regular	133,364,572	128,271,821	126,445,100	123,306,100	125,242,400	121,786,200	118,750,100	119,770,700	139,494,700	138,695,600
Q farm	4,171,297	4,235,707	4,213,574	4,726,655	4,674,248	5,022,757	4,691,100	4,975,400	4,648,900	4,728,700
Commercial	432,721,600	429,259,800	366,926,100	342,902,000	342,292,300	323,400,000	319,550,000	317,972,400	412,302,300	412,961,800
Industrial	51,486,800	51,486,800	51,486,800	53,386,800	53,912,800	53,912,800	53,912,800	53,912,800	81,410,200	83,360,200
Apartment	1,368,100	1,368,100	1,368,100	1,368,100	1,367,100	1,096,400	1,096,400	3,512,200	1,815,000	1,815,000
<b>Total assessed value</b>	<b>2,648,719,771</b>	<b>2,658,988,828</b>	<b>2,609,123,074</b>	<b>2,593,075,355</b>	<b>2,612,034,548</b>	<b>2,605,206,893</b>	<b>2,613,974,657</b>	<b>2,628,792,900</b>	<b>3,307,440,100</b>	<b>3,310,837,200</b>
Public utilities (a)	4,355,257	4,447,256	257,705	257,705	257,705	257,705	483,414	477,438	592,163	592,163
<b>Net valuation taxable</b>	<b>\$ 2,653,075,028</b>	<b>\$ 2,663,436,084</b>	<b>\$ 2,609,380,779</b>	<b>\$ 2,593,333,060</b>	<b>\$ 2,612,292,253</b>	<b>\$ 2,605,464,598</b>	<b>\$ 2,614,458,071</b>	<b>\$ 2,629,270,338</b>	<b>\$ 3,308,032,263</b>	<b>\$ 3,311,429,363</b>
Estimated actual county equalized value	\$ 3,172,017,011	\$ 3,105,323,638	\$ 2,980,105,960	\$ 3,078,505,532	\$ 3,233,436,382	\$ 3,207,910,119	\$ 3,200,465,260	\$ 3,258,887,379	\$ 3,180,517,266	\$ 3,538,986,174
Percentage of net valuation to estimated actual equalized value	83.64%	85.77%	87.56%	84.24%	80.79%	81.22%	81.69%	80.68%	104.01%	93.57%
<b>Total direct school tax rate (b)</b>	<b>\$ 1.085</b>	<b>\$ 1.078</b>	<b>\$ 1.101</b>	<b>\$ 1.112</b>	<b>\$ 1.122</b>	<b>\$ 1.160</b>	<b>\$ 1.193</b>	<b>\$ 1.216</b>	<b>\$ 0.985</b>	<b>\$ 0.998</b>

Source: Municipal Tax Assessor

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

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies.
- (b) Tax rates are per \$100.

\* Revaluation; Limited exemptions and abatements

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(Rate Per \$100 of Assessed Value)**

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Municipality		County		
2013	\$ 1.002	\$ 0.083	\$ 1.085	\$ 0.696	\$ 0.514	\$ 0.434	\$ 2.729	
2014	0.996	0.082	1.078	0.687	0.523	0.433	2.721	
2015	1.020	0.081	1.101	0.692	0.539	0.423	2.755	
2016	1.033	0.079	1.112	0.700	0.548	0.440	2.800	
2017	1.040	0.082	1.122	0.715	0.573	0.458	2.868	
2018	1.077	0.083	1.160	0.729	0.582	0.465	2.936	
2019	1.113	0.080	1.193	0.738	0.592	0.460	2.983	
2020	1.139	0.077	1.216	0.739	0.619	0.467	3.041	
2021	* 0.923	0.062	0.985	0.592	0.508	0.362	2.447	
2022	* 0.940	0.058	0.998	0.603	0.528	0.403	2.532	

Sources: Municipal Tax Collector

Note: N.J.S.A. 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 pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.

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

\* Revaluation; Limited exemptions and abatements

See independent auditors' report.



**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

	2022			2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Unicom Science Technology Park Inc.	\$ 132,750,400	1	4.01%	\$ -		-
Federal Insurance Co	62,000,000	2	1.87%	55,507,800	2	2.09%
Lamington River Farms	20,602,800	3	0.62%	14,439,400	4	0.54%
Whitehouse Mall	11,500,000	4	0.35%	6,587,400	8	0.25%
Individual Property Owner #1	9,954,400	5	0.30%	9,845,000	5	0.37%
Salem Realty II LLC	9,607,000	6	0.29%	5,540,000	10	0.21%
Transcontinental Gas Pipeline	9,592,600	7	0.29%	8,274,600	6	0.31%
Branchburg Rte 22 LLC	7,200,000	8	0.22%	-		-
Mill Rd Dairy Holdings LLC	6,973,200	9	0.21%	-		-
Tannery Row LLC	6,197,900	10	0.19%	-		-
Merck & Co	-		-	215,389,800	1	8.12%
Toll NJ I LLC	-		-	16,800,000	3	0.63%
Stanton Golf Properties	-		-	6,936,600	7	0.26%
Somerville Associates	-		-	5,700,000	9	0.21%
	<u>\$ 276,378,300</u>		<u>8.35%</u>	<u>\$ 345,020,600</u>		<u>12.99%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Property Tax Levies and Collections**  
**Last Ten Years**

Fiscal Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2013	\$ 28,780,939	\$ 28,780,939	100.00%
2014	28,764,420	28,764,420	100.00%
2015	28,680,635	28,680,635	100.00%
2016	28,680,635	28,680,635	100.00%
2017	29,016,549	29,016,549	100.00%
2018	29,557,217	29,557,217	100.00%
2019	30,861,306	30,861,306	100.00%
2020	31,567,322	31,567,322	100.00%
2021	32,279,284	32,279,284	100.00%
2022	32,747,629	32,747,629	100.00%

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

- (a) School taxes are collected by the municipal tax collector. Under New Jersey State Statute, a municipality is required to remit to the School District the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ending June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases					
2013	\$ 23,326,887	\$ -	\$ -	\$ -	\$ -	\$ 23,326,887	1.94%	\$ 1,461
2014	21,990,000	-	-	-	-	21,990,000	1.83%	1,378
2015	20,675,000	-	-	-	-	20,675,000	1.65%	1,299
2016	20,295,000	-	-	-	-	20,295,000	1.57%	1,275
2017	18,685,000	-	-	-	-	18,685,000	1.40%	1,176
2018	15,310,000	-	-	-	-	15,310,000	1.13%	961
2019	13,815,000	-	-	-	-	13,815,000	0.99%	870
2020	12,345,000	-	-	-	-	12,345,000	0.85%	778
2021	10,780,000	-	-	-	-	10,780,000	0.71%	680
2022	9,160,000	-	-	-	-	9,160,000	N/A	565

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 23,326,887	\$ -	\$ 23,326,887	0.88%	\$ 1,461
2014	21,990,000	-	21,990,000	0.83%	1,378
2015	20,675,000	-	20,675,000	0.79%	1,299
2016	20,295,000	-	20,295,000	0.78%	1,275
2017	18,685,000	-	18,685,000	0.72%	1,176
2018	15,310,000	-	15,310,000	0.59%	961
2019	13,815,000	-	13,815,000	0.53%	870
2020	12,345,000	-	12,345,000	0.47%	778
2021	10,780,000	-	10,780,000	0.33%	680
2022	9,160,000	-	9,160,000	0.28%	565

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

(a) See Exhibit J-6 for property tax data.

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

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2021**

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Debt
Governmental Unit			
Debt repaid with property taxes			
Municipality	\$ 41,850,438	100.00%	\$ 41,850,438
Regional High School	-	33.79%	-
County general obligation debt	96,226,693	14.91%	14,348,695
Subtotal, overlapping debt			56,199,133
School district direct debt			9,785,000
Total direct and overlapping debt			\$ 65,984,133

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation. Debt outstanding data provided by each Governmental Unit.

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

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

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized Valuation Basis
	2021      \$ 3,534,722,774
	2020      3,164,551,463
	2019      3,239,931,404
	\$ 9,939,205,641
Average equalized valuation of taxable property	\$ 3,313,068,547
Debt limit (3.0% of average equalization value)	\$ 99,392,056
Total net debt applicable to limit	9,160,000
Legal debt margin	\$ 90,232,056

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt limit	\$ 95,228,990	\$ 96,147,874	\$ 96,450,669	\$ 95,936,209	\$ 99,392,056
Total net debt applicable	15,310,000	13,815,000	12,345,000	10,780,000	9,160,000
Legal debt margin	\$ 79,918,990	\$ 82,332,874	\$ 84,105,669	\$ 85,156,209	\$ 90,232,056
Total net debt applicable to the limit as a percentage of debt limit	16.08%	14.37%	12.80%	11.24%	9.22%

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ 100,736,283	\$ 95,592,158	\$ 93,296,350	\$ 92,221,774	\$ 93,436,605
Total net debt applicable	23,326,887	21,990,000	20,675,000	20,295,000	18,685,000
Legal debt margin	\$ 77,409,396	\$ 73,602,158	\$ 72,621,350	\$ 71,926,774	\$ 74,751,605
Total net debt applicable to the limit as a percentage of debt limit	23.16%	23.00%	22.16%	22.01%	20.00%

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

(a) Limit Set by N.J.S.A. 18A:24-19.

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2013	15,965	\$ 1,203,425,735	\$ 75,379	6.3%
2014	15,960	1,200,431,400	75,215	4.7%
2015	15,913	1,254,931,006	78,862	3.9%
2016	15,913	1,288,650,653	80,981	3.7%
2017	15,887	1,330,742,781	83,763	3.7%
2018	15,927	1,352,393,424	84,912	3.2%
2019	15,882	1,396,567,788	87,934	2.7%
2020	15,872	1,459,366,912	91,946	7.3%
2021	15,863	1,508,380,944	95,088	4.8%
2022	16,218	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Principal Employers**  
**Current Year and Nine Years Ago**

2022

---

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
-----------------	------------------	-------------	---

---

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2013

---

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
-----------------	------------------	-------------	---

---

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.



**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Full Time Equivalent District Employees by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction										
Regular	127.9	126.4	117.7	109.0	122.5	117.4	125.8	121.2	119.1	122.1
Special education	66.5	76.5	66.1	55.0	60.0	70.3	67.2	67.2	71.2	74.2
Other special education	12.6	11.5	10.5	10.5	11.5	10.3	10.0	10.0	9.0	10.0
Support services										
Student and instruction related services	44.8	43.8	60.3	55.8	49.0	51.4	53.9	54.0	58.0	57.0
General administration	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administration services	15.5	15.5	16.0	15.0	16.0	16.0	16.0	16.0	16.0	16.0
Other administration services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Central services	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0
Administrative information technology	1.0	1.0	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	13.3	13.3	15.0	11.5	11.0	10.0	10.0	10.0	10.0	10.0
Pupil transportation	19.4	19.4	21.0	21.0	19.0	14.0	15.0	17.0	13.9	12.5
<b>Total</b>	<b>310.1</b>	<b>316.4</b>	<b>317.1</b>	<b>287.8</b>	<b>299.0</b>	<b>299.4</b>	<b>307.9</b>	<b>305.4</b>	<b>306.2</b>	<b>309.7</b>

Source: District Personnel Records

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Operating Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff ( b )	Teacher Ratio	Average Daily Enrollment ( ADE ) ( c )	Average Daily Attendance ( ADA ) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	1,875	\$ 31,272,613	\$ 16,679	8.74%	200	1 to 9.38	1,844.1	1,762.6	-5.87%	95.58%
2014	1,780	30,824,120	17,317	3.83%	195	1 to 9.13	1,777.9	1,706.0	-3.59%	95.96%
2015	1,752	31,033,787	17,713	2.29%	196	1 to 8.94	1,754.8	1,684.0	-1.30%	95.97%
2016	1,690	31,034,016	18,363	3.67%	195	1 to 8.67	1,689.5	1,622.8	-3.72%	96.05%
2017	1,620	32,010,489	19,760	7.61%	191	1 to 8.48	1,609.2	1,549.2	-4.75%	96.27%
2018	1,528	33,375,478	21,843	10.54%	198	1 to 7.72	1,512.8	1,452.0	-5.99%	95.98%
2019	1,509	35,260,141	23,367	6.98%	203	1 to 7.43	1,490.0	1,430.0	-1.51%	95.97%
2020	1,490	35,249,763	23,658	1.25%	198	1 to 7.53	1,476.5	1,429.4	-0.90%	96.81%
2021	1,402	36,816,881	26,260	10.99%	192	1 to 7.30	1,412.2	1,379.6	-4.36%	97.69%
2022	1,430	39,985,442	27,962	6.48%	198	1 to 7.22	1,432.1	1,366.7	1.41%	95.44%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary.

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**School Building Information**  
**Last Ten Fiscal Years**

District Building	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Elementary</b>										
Whitehouse School (1916)										
Square feet	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333
Capacity (students)	531	531	531	531	531	531	531	531	531	531
Enrollment	337	342	352	341	331	303	303	307	311	318
Three Bridges School (1950)										
Square feet	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435
Capacity (students)	445	445	445	445	445	445	445	445	445	445
Enrollment	337	317	333	320	321	301	330	303	276	288
Holland Brook School (1999)										
Square feet	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150
Capacity (students)	653	653	653	653	653	653	653	653	653	653
Enrollment	429	405	378	372	361	335	321	330	319	299
<b>Middle</b>										
Readington Middle School (1962)										
Square feet	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536
Capacity (students)	832	832	832	832	832	832	832	832	832	832
Enrollment	748	709	688	641	607	577	555	532	496	525
Number of schools at June 30, 2022:										
Elementary	3									
Middle	1									

Source: District Facilities Office

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

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Required Maintenance Expenditures by School Facilities**  
**Last Ten Fiscal Years**

Undistributed Expenditures - Required Maintenance for School Facilities

Fiscal Year Ending	*School Facilities				Total
	Three Bridges School	Whitehouse School	Holland Brook School	Readington Middle School	
2013	\$ 128,858	\$ 108,675	\$ 181,545	\$ 202,067	\$ 621,145
2014	146,587	100,587	124,561	188,397	560,132
2015	91,615	85,736	108,262	159,699	445,312
2016	90,478	90,458	127,052	177,695	485,683
2017	82,333	83,136	120,859	149,677	436,005
2018	115,113	89,246	128,967	170,199	503,525
2019	100,041	120,892	117,575	177,799	516,307
2020	159,080	93,858	111,702	197,616	562,256
2021	122,499	126,670	164,087	207,371	620,627
2022	130,801	138,059	188,990	244,448	702,298
Total school facilities	<u>\$ 1,167,405</u>	<u>\$ 1,037,317</u>	<u>\$ 1,373,600</u>	<u>\$ 1,874,968</u>	<u>\$ 5,453,290</u>

Source: District Records

Note: \* School Facilities as Defined Under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2022**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund		
Property - Blanket Building & Contents (Insurance Cooperative)	\$ 500,000,000	\$ 2,500
Comprehensive General Liability (Policy Limit)	5,000,000	-
Blanket Dishonesty Bond	500,000	1,000
Pollution Liability - School Alliance Insurance Fund through ACE Insurance Company		
Claim Limit	1,000,000	10,000
School Board Legal Liability - School Alliance Insurance Fund through National Union Fire Insurance Company of Pittsburgh PA		
Policy Limit	5,000,000	10,000
Worker's Compensation - School Alliance Insurance Fund		
Per Accident, Disease and Disease Limit	5,000,000	-
Excess Liability - School Alliance Insurance Fund		
Policy Limit	5,000,000	-
Public Employees' Faithful Performance - Hanover Insurance Company		
Business Administrator's Bond	250,000	-
Assistant Business Administrator's Bond	250,000	-

Source: District Records

See independent auditors' report.

**SINGLE AUDIT SECTION**

**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS - PART I**



---

**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***

Honorable President and  
Members of the Board of Education  
Readington Township School District  
County of Hunterdon, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Readington Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 6, 2023.

Report on Internal Control Over Financial Reporting

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

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

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



Report on Compliance and Other Matters

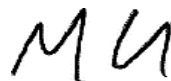
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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



**BKC, CPAs, PC**



Michael A. Holk, CPA, PSA  
NO. 20CS00265600

March 6, 2023  
Flemington, New Jersey



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

---

**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance  
and the New Jersey OMB Circular 15-08**

Honorable President and  
Members of the Board of Education  
Readington Township School District  
Whitehouse Station, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Readington Township School District's (the District) compliance with the types of compliance requirements as subject to audit 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 year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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 year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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 the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal and state programs.

### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the New Jersey OMB's Circulars 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on 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 and state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 and 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 and 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



**BKC, CPAs, PC**



Michael A. Holk, CPA,  
PSA NO. 20CS00265600

March 6, 2023  
Flemington, New Jersey

## **SUPPLEMENTARY INFORMATION**

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2022**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/21	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/Repayment of Prior Year Balance	Balance June 30, 2022		
					From	To						Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Departments of Education and Health & Human Services														
General Fund														
Medical Assistance Program (SEMI cluster)	93.778	2005NJ5MAP	N/A	\$ 20,723	07/01/21	06/30/22	\$ -	\$ -	\$ 20,723	\$ 20,723	\$ -	\$ -	\$ -	\$ -
Total General Fund							-	-	20,723	20,723	-	-	-	-
U.S. Department of Education passed through State Department of Education														
Special Revenue Fund														
Special Education Cluster														
IDEA Basic	84.027	H027A210100	IDEA-4350-22	369,487	07/01/21	06/30/22	-	-	326,559	326,563	-	(4)	-	-
IDEA Basic	84.027	H027A200100	IDEA-4350-21	369,426	07/01/20	06/30/21	(1,616)	-	11,675	10,059	-	-	-	-
IDEA Preschool	84.173	H173S210114	IDEA-4350-22	13,665	07/01/21	06/30/22	-	-	13,665	13,665	-	-	-	-
IDEA Preschool	84.173	H173S200114	IDEA-4350-21	13,548	07/01/20	06/30/21	(1,900)	-	1,900	-	-	-	-	-
Total Special Education Cluster							(3,516)	-	353,799	350,287	-	(4)	-	-
ESSA Title I A	84.010A	S010A210030	ESSA-4350-22	8,525	07/01/21	06/30/22	-	-	924	2,644	-	(1,720)	-	-
ESSA Title I A	84.010A	S010A200030	ESSA-4350-21	50,265	07/01/20	06/30/21	(5,881)	(5,881)	11,462	-	-	(300)	-	-
ESSA Title I A Carryover	84.010A	S010A200030	ESSA-4350-21	50,265	07/01/20	06/30/21	-	5,881	-	5,881	-	-	-	-
ESSA Title II A	84.367A	S367A210029	ESSA-4350-22	19,205	07/01/21	06/30/22	-	-	16,813	16,813	-	-	-	-
ESSA Title II A	84.367A	S367A200029	ESSA-4350-21	19,649	07/01/20	06/30/21	-	(2,392)	2,392	-	-	-	-	-
ESSA Title II A Carryover	84.367A	S367A200029	ESSA-4350-21	19,649	07/01/20	06/30/21	-	2,392	-	2,392	-	-	-	-
ESSA Title III Consortium	84.365A	S365A210030	ESSA-4350-22	17,585	07/01/21	06/30/22	-	-	-	10,543	-	(10,543)	-	-
ESSA Title III Consortium	84.365A	S365A200030	ESSA-4350-21	13,036	07/01/20	06/30/21	(176)	(2,498)	2,312	-	-	(362)	-	-
ESSA Title III Consortium Carryover	84.365A	S365A200030	ESSA-4350-21	13,036	07/01/20	06/30/21	-	2,498	-	2,498	-	-	-	-
ESSA Title III Immigrant	84.365A	S365A210030	ESSA-4350-22	1,670	07/01/21	06/30/22	-	-	1,670	1,670	-	-	-	-
ESSA Title IV	84.365	S365A210030	ESSA-4350-22	10,000	07/01/21	06/30/22	-	-	10,000	10,000	-	-	-	-
ESSA Title IV	84.365	S365A200030	ESSA-4350-21	10,000	07/01/21	06/30/22	(1,066)	-	1,066	-	-	-	-	-
COVID-19														
ARP IDEA Basic	84.027X	H027X210100	ARP-4350-22	61,716	07/01/21	06/30/22	-	-	49,477	49,987	-	(510)	-	-
ARP IDEA Preschool	84.173X	H173X210114	ARP-4350-22	5,266	07/01/21	06/30/22	-	-	5,266	5,266	-	-	-	-
CRRSA - ESSER II	84.425D	S425D210027	CRRSA-4350-23	164,767	03/13/20	09/30/23	-	-	43,270	103,916	-	(60,646)	-	-
CRRSA - Learning Acceleration	84.425D	S425D210027	CRRSA-4350-23	25,000	03/13/20	09/30/23	-	-	6,000	24,750	-	(18,750)	-	-
CRRSA - Mental Health	84.425D	S425D210027	CRRSA-4350-23	45,000	03/13/20	09/30/23	(5,528)	-	5,527	9,200	-	(9,201)	-	-
ARP - ESSER														
ARP - ESSER	84.425U	S425U210027	ESSER-4350-24	370,303	03/13/20	09/30/24	-	-	-	21,547	-	(21,547)	-	-
Evidenced Based Comprehensive														
Beyond the School Day	84.425U	S425U210027	ESSER-4350-24	40,000	03/13/20	09/30/24	-	-	-	17,780	-	(17,780)	-	-
Total Special Revenue Fund							(16,167)	-	509,978	635,174	-	(141,363)	-	-

See independent auditors' report

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2022**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/21	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/ Repayment of Prior Year Balance	Balance June 30, 2022		
					From	To						Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund														
Child Nutrition Cluster														
National School Lunch Program														
Non-Cash Assistance (Commodities)	10.555	221NJ304N1099	N/A	\$ 46,425	10/01/21	09/30/22	\$ -	\$ -	\$ 46,425	\$ 44,517	\$ -	\$ -	\$ 1,908	\$ -
Non-Cash Assistance (Commodities)	10.555	211NJ304N1099	N/A	11,045	10/01/20	09/30/21	6,386	-	-	6,386	-	-	-	-
Cash Assistance	10.555	221NJ304N1099	N/A	651,352	10/01/21	09/30/22	-	-	594,011	651,352	-	(57,341)	-	-
Cash Assistance	10.555	211NJ304N1099	N/A	122,050	10/01/20	09/30/21	(14,943)	-	14,943	-	-	-	-	-
National School Breakfast Program	10.553	221NJ304N1099	N/A	147,798	10/01/21	09/30/22	-	-	136,758	147,798	-	(11,040)	-	-
National School Breakfast Program	10.553	211NJ304N1099	N/A	59,488	10/01/20	09/30/21	(7,889)	-	7,889	-	-	-	-	-
Total Child Nutrition Cluster							(16,446)	-	800,026	850,053	-	(68,381)	1,908	-
P-EBT Administrative	10.649	2022225900941	N/A	1,242	07/01/21	06/30/22	-	-	1,242	1,242	-	-	-	-
Total Enterprise Fund							(16,446)	-	801,268	851,295	-	(68,381)	1,908	-
Total Federal Financial Assistance							\$ (32,613)	\$ -	\$ 1,331,969	\$ 1,507,192	\$ -	\$ (209,744)	\$ 1,908	\$ -

See independent auditors' report

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B**  
**For the Fiscal Year Ended June 30, 2022**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balances	Balance June 30, 2022			Memo	
			From	To	Unearned Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	22-495-034-5120-089	\$ 1,352,208	07/01/21	06/30/22	\$ -	\$ -	\$ 1,222,460	\$ 1,352,208	\$ -	\$ -	\$ -	\$ -	\$ 129,748	\$ 1,352,208
Security Aid	22-495-034-5120-084	128,700	07/01/21	06/30/22	-	-	116,351	128,700	-	-	-	-	12,349	128,700
Transportation Aid	22-495-034-5120-014	466,125	07/01/21	06/30/22	-	-	421,399	466,125	-	-	-	-	44,726	466,125
Extraordinary Special Education Costs Aid	21-495-034-5120-044	440,015	07/01/20	06/30/21	(440,015)	-	440,015	-	-	-	-	-	-	440,015
Extraordinary Special Education Costs Aid	22-495-034-5120-044	426,429	07/01/21	06/30/22	-	-	-	426,429	-	(426,429)	-	-	-	426,429
Non-Public Transportation Aid	21-495-034-5120-014	17,400	07/01/20	06/30/21	(17,400)	-	17,400	-	-	-	-	-	-	17,400
Non-Public Transportation Aid	22-495-034-5120-014	20,300	07/01/21	06/30/22	-	-	-	20,300	-	(20,300)	-	-	-	20,300
Securing our Children's Future Bond	S010A200030	78,551	07/01/20	06/30/22	-	-	78,551	78,551	-	-	-	-	-	78,551
On-Behalf TPAF Pension Contribution - Postretirement Medical	22-495-034-5094-001	1,285,469	07/01/21	06/30/22	-	-	1,285,469	1,285,469	-	-	-	-	-	1,285,469
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004	76,544	07/01/21	06/30/22	-	-	76,544	76,544	-	-	-	-	-	76,544
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	22-495-034-5094-002	5,425,366	07/01/21	06/30/22	-	-	5,425,366	5,425,366	-	-	-	-	-	5,425,366
On-Behalf TPAF Pension Contribution - Long-Term Disability	22-495-034-5094-004	1,888	07/01/21	06/30/22	-	-	1,888	1,888	-	-	-	-	-	1,888
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	1,085,272	07/01/20	06/30/21	(53,801)	-	53,801	-	-	-	-	-	-	1,085,272
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	1,104,109	07/01/21	06/30/22	-	-	1,049,491	1,104,109	-	(54,618)	-	-	-	1,104,109
Total General Fund					(511,216)	-	10,188,735	10,365,689	-	(501,347)	-	-	186,823	11,908,376

See independent auditors' report.



**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance - Schedule B (continued)**  
**For the Fiscal Year Ended June 30, 2022**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balances	Balance June 30, 2022			Memo		
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure	
State Department of Education															
Special Revenue Fund															
SDA Emergent and Capital Maintenance Needs	22-100-034-5120-519	\$ 33,632	07/01/21	06/30/22	\$ -	\$ -	\$ 33,632	\$ 33,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,632
Total Special Revenue Fund					-	-	33,632	33,632	-	-	-	-	-	-	33,632
State Department of Education															
Debt Service Fund															
Debt Service Aid - State Support	22-495-034-5120-017	7,133	07/01/21	06/30/22	-	-	7,133	7,133	-	-	-	-	-	-	7,133
Total Debt Service Fund					-	-	7,133	7,133	-	-	-	-	-	-	7,133
State Department of Agriculture															
Enterprise Fund															
State School Lunch Program	22-100-010-3350-023	15,157	07/01/21	06/30/22	-	-	13,837	15,157	-	(1,320)	-	-	-	-	15,157
State School Lunch Program	21-100-010-3350-023	6,964	07/01/20	06/30/21	(1,776)	-	1,776	-	-	-	-	-	-	-	6,964
Total Enterprise Fund					(1,776)	-	15,613	15,157	-	(1,320)	-	-	-	-	22,121
Total State Financial Assistance					\$ (512,992)	\$ -	\$ 10,245,113	10,421,611	\$ -	\$ (502,667)	\$ -	\$ -	\$ 186,823	\$ 11,971,262	
Less: On-Behalf TPAF Pension System Contributions															
On-Behalf TPAF Pension Contribution -															
Teachers' Pension & Annuity Fund	22-495-034-5094-002							5,425,366							
On-Behalf TPAF Pension Contribution -															
Non-Contributory Insurance	22-495-034-5094-004							76,544							
On-Behalf TPAF Pension Contribution -															
Postretirement Medical	22-495-034-5094-001							1,285,469							
On-Behalf TPAF Pension Contribution -															
Long-Term Disability Insurance	22-495-034-5094-004							1,888							
Total for State Financial Assistance - Major Program Determination								\$ 3,632,344							

See independent auditors' report.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2022**

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Readington Township School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the District's basic financial statements.

Note 3 - Relationship of financial statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$20,002) for the general fund, and \$754 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.

**READINGTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2022**

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's Basic Financial Statements on a GAAP basis as follows:

	Federal	State	Total
General fund	\$ 20,723	\$ 10,345,687	\$ 10,366,410
Special revenue fund	635,174	33,632	668,806
Debt service fund	-	7,133	7,133
Food service fund	851,295	15,157	866,452
Total awards and financial assistance	<u>\$ 1,507,192</u>	<u>\$ 10,401,609</u>	<u>\$ 11,908,801</u>

Note 4 - 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 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2022. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the fiscal year ended June 30, 2022.

Note 6 - Indirect costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS - PART II**

**READINGTON TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

- 1. Were material weakness(es) identified?  Yes  No
- 2. Were significant deficiencies identified?  Yes  None reported

Noncompliance material to basic financial statements noted?  Yes  No

Federal Awards

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified?  Yes  No
- 2. Were significant deficiencies identified?  Yes  None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)?  Yes  No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>10.553 and 10.555</u>	<u>221NJ304N1099</u>	<u>Child Nutrition Cluster</u>

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee?  Yes  No

**READINGTON TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2022**

Section I - Summary of Auditor's Results (continued)

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? X Yes    No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified?    Yes   X No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses?    Yes   X None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable?    Yes   X No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
<u>22-495-034-5120-089</u>	<u>State Aid Public Cluster:</u>
<u>22-495-034-5120-084</u>	<u>Special Education Categorical Aid</u>
<u>22-495-034-5094-003</u>	<u>Security Aid</u>
	<u>Reimbursed TPAF Social Security Contributions</u>

**READINGTON TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2022**

Section II - Financial Statement Findings

There were no findings or questioned costs for the fiscal year ended June 30, 2022.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the fiscal year ended June 30, 2022.

K-7

**READINGTON TOWNSHIP SCHOOL DISTRICT  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2022**

Status of Prior Year Findings

There were no prior year audit findings/recommendations.