

SCHOOL DISTRICT
OF
WASHINGTON BOROUGH

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

Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2022

Annual Comprehensive

Financial Report

of the

Washington Borough School District

Board of Education

Washington, New Jersey

For the Fiscal Year Ending June 30, 2022

Prepared by

Washington Borough School District

Board of Education

Finance Department

OUTLINE OF ACFR

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Introductory Section

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

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

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

January 2023

Dear Board Members:

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

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

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

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

The District provided a full range of educational services appropriate to grade level K through 6. This included regular, as well as special education for handicapped youngsters. The District completed the 201-22 fiscal year with an enrollment of 508 students. The following details the changes in the student enrollment of the District over the last twenty years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2010-11	543	(4.34%)
2011-12	556	2.4%
2012-13	550	(1.08%)
2013-14	560	1.8%
2014-15	566	1.07%
2015-16	548	(3.18%)
2016-17	502	(8.39%)
2017-18	476	(5.18%)
2018-19	493	3.57%
2019-20	495	.41%
2020-21	501	1.21%
2021-22	512	2.20%

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

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

- (1) The cost of control should not exceed the benefits likely to be derived;
- (2) The valuation of costs and benefits requires estimated and judgments by management.

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

As part of the district's single audit description earlier, test are made to determine the adequacy of the internal control structure, including that portion related to federal and

state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

3) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the votes of the municipality.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of Fund Balance at June 30, 2022.

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

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

6) **DEBT ADMINISTRATION:** At June 30, 2022 the district's outstanding debt is \$ 1,655,000.

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

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

10) **OTHER INFORMATION:**

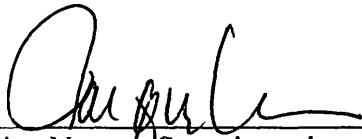
(A) Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Ardito and Company, L.L.P., Accountants and Auditors was appointed by the Washington Borough

Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

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

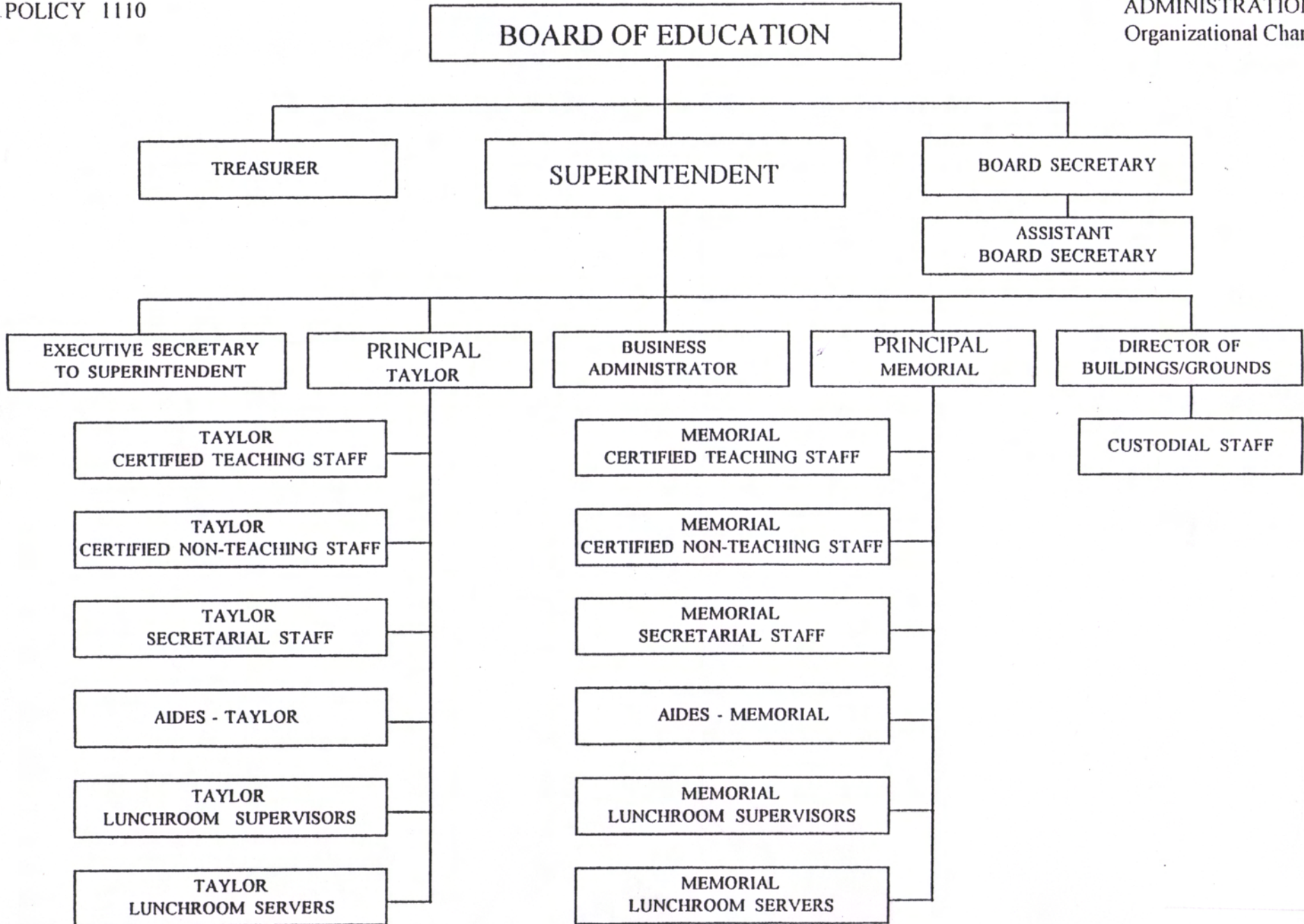
Respectfully submitted,



Jacqueline Nassry, Superintendent



Tim Mantz, School Business Administrator



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

WASHINGTON BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION

ROSTER OF OFFICIALS

June 30, 2022

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Bartley Howley, <i>President</i>	2023
Melissa Vitalos, <i>Vice-President</i>	2024
Lisa Eller	2022
Joseph Kresefsky	2024
Ya'el Kresefsky	2024
Carmin Freda	2023
Holly Masenior	2022
Chris Bauknight	2022
Kevin Noone	2023

Other Officials

Jacqueline Nassry, *Superintendent*

Tim Mantz, *Business Administrator/Board Secretary*

Jessica L. Hanics, *Treasurer*

John M. Zaiter, Esquire, *Solicitor*

**WASHINGTON BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ARCHITECT

The Spiegle Architectural Group
120 Sanhican Drive
Trenton, NJ 08618

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORIES

PNC Bank
Washington, New Jersey 07882

Financial Section

Independent Auditor's Report



ARDITO & COMPANY LLC

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington Borough School District Board of Education, as of and for the year ended June 30, 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 accompanying 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 Washington Borough School District Board of Education, 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 Opinions

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. 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 Washington Borough School District Board of Education, 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 opinions.

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.

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Auditor's 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 opinions. 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 information and pension and post-employment benefit trend information as noted 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 opinions on the financial statements that collectively comprise the Washington Borough School District Board of Education's basic financial statements. The combining and individual non-

-Continued-

major fund financial statements, long-term debt schedules, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, long-term debt schedules, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions 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 January 20, 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 describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* the District's internal control over financial reporting and compliance.

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey
January 20, 2023

Anthony Ardito

Anthony Ardito
Certified Public Accountant
ARDITO & COMPANY LLC
Frenchtown, New Jersey
January 20, 2023

Required Supplementary Information - Part I

Management's Discussion and Analysis

WASHINGTON BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

The discussion and analysis of Washington Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- ◆ In total, Net Position increased \$1,178,974 which represents a 640.5% decrease from 2021.
- ◆ General revenues accounted for \$5,465,114 in revenue or 42.6% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$7,371,177 or 57.4% of total revenues of \$12,836,291.
- ◆ Total assets of governmental activities increased by \$1,817,895, as cash and cash equivalents increased by \$1,019,734, receivables increased by \$973,248, and capital assets decreased by \$180,034.
- ◆ The School District had \$11,657,317 in expenses; only \$7,371,177 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,465,114 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$10,614,727 in revenues and \$9,709,644 in expenditures. The General Fund's surplus balance increased \$905,083 over 2021, which compares favorably to the budgeted decrease of \$604,880.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 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 positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

WASHINGTON BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District's Net Position for 2022 compared to 2021.

**Table 1
Net Position**

	<u>2022</u>	<u>2021</u>
Assets		
Current and Other Assets	\$ 6,340,801	\$ 4,342,872
Capital Assets	739,853	919,887
Total Assets	<u>7,080,654</u>	<u>5,262,759</u>
Deferred Outflows of Resources	<u>319,792</u>	<u>389,351</u>
Liabilities		
Long-Term Liabilities	2,936,451	3,458,697
Other Liabilities	2,494,159	1,456,943
Total Liabilities	<u>5,430,610</u>	<u>4,915,640</u>
Deferred Inflows of Resources	<u>974,925</u>	<u>920,533</u>
Net Position		
Invested in Capital Assets, Net of Debt	(855,113)	(855,113)
Restricted	3,463,479	2,529,888
Unrestricted	<u>(1,613,455)</u>	<u>(1,858,838)</u>
Total Net Position	<u>\$ 994,911</u>	<u>\$ (184,063)</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

Total assets of governmental activities increased by \$1,817,895, as cash and cash equivalents increased by \$1,019,734, receivables increased by \$973,248, and capital assets decreased by \$180,034.

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

Table 2 shows the changes in Net Position from fiscal year 2021.

Table 2
Changes in Net Position

	<u>2022</u>	<u>2021</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 903	\$ 5,237
Operating Grants and Contributions	7,370,274	7,545,479
General Revenues:		
Property Taxes	5,451,213	5,450,337
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	525	5,479
Other	<u>13,376</u>	<u>12,579</u>
Total Revenues	<u>12,836,291</u>	<u>13,019,111</u>
Program Expenses		
Instruction	6,308,836	6,681,081
Support Services:		
Tuition	864	35,650
Pupils and Instructional Staff	2,495,569	2,353,441
General Administration, School Administration, Business	751,610	838,332
Operations and Maintenance of Facilities	1,531,861	1,927,947
Pupil Transportation	160,538	87,760
Business-Type Activities	352,727	206,019
Interest and Fiscal Charges	<u>55,312</u>	<u>118,751</u>
Total Expenses	<u>11,657,317</u>	<u>12,248,981</u>
Increase in Net Position	<u>\$ 1,178,974</u>	<u>\$ 770,130</u>

WASHINGTON BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 42.5% percent of revenues for governmental activities for the Washington Borough School District for the fiscal year 2022.

Instruction comprises 54.1% of district expenses. Support services expenses make up 42.4% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>
Instruction	\$ 6,308,836	\$ 2,331,388	\$ 6,681,081	\$ 2,512,594
Support Services:				
Tuition	864	472	35,650	17,609
Pupils and Instructional Staff	2,495,569	602,567	2,353,441	642,734
General Admin., School Admin., Business	751,610	410,476	838,332	414,089
Operation and Maintenance of Facilities	1,531,861	836,595	1,927,947	952,297
Pupil Transportation	160,538	87,675	87,760	43,349
Business-Type Activities	352,727	(38,345)	206,019	(3,158)
Interest and Fiscal Charges	<u>55,312</u>	<u>55,312</u>	<u>118,751</u>	<u>118,751</u>
Total Expenses	<u>\$ 11,657,317</u>	<u>\$ 4,286,140</u>	<u>\$ 12,248,981</u>	<u>\$ 4,698,265</u>

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

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

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

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

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

The dependence upon tax revenues is apparent. Over 37.0% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 39.2%. The community, as a whole, is the primary support for the Washington Borough School District.

The School District's Funds

Information about the School District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$12,682,046 and expenditures of \$11,775,198. The General Fund's surplus balance increased \$905,083 over 2021, which compares favorably to the budgeted decrease of \$604,880.

General Fund Budgeting Highlights

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

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

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$8,619,104, \$4,165 over original budgeted estimates of \$8,614,939. This difference was due primarily to an increases in miscellaneous revenues.

General fund revenues exceeded expenditures by \$929,140. Again this surplus compares to a budgeted deficit of \$604,880, which was due to the budgeted use of surplus required to balance the 2021-2022 budget. The budgeted deficit was reduced due to cost savings in the areas of instruction, tuition, transportation, maintenance, and benefits.

Overall general fund balance (budget basis) was \$4,226,323, and amounts ear-marked and reserved for future purposes were \$3,917,274, creating a surplus in unreserved fund balance of \$309,049. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

WASHINGTON BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

Capital Assets

At the end of the fiscal year 2022, the School District had \$739,853 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2022 balances compared to 2021.

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

	<u>2022</u>	<u>2021</u>
Land Improvements	\$ 127,239	\$ 127,239
Buildings and Improvements	595,376	771,964
Machinery and Equipment	<u>17,238</u>	<u>20,685</u>
 Totals	 <u>\$ 739,853</u>	 <u>\$ 919,888</u>

Overall capital assets decreased \$180,035 from fiscal year 2021 to fiscal year 2022. The decrease in capital assets was due to depreciation expense for the year.

Major capital improvements were \$37,610, which consisted of the start of the Taylor window project.

Debt Administration

At June 30, 2022, the School District had \$1,682,000 as outstanding long term debt. Of this amount, \$27,000 is for compensated absences and \$1,655,000 is for bonds payable.

At June 30, 2022, the School District's overall legal debt margin was \$19,315,983 and the unvoted debt margin was the same.

WASHINGTON BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

For the Future

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

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

Contacting the School District's Financial Management

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

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

JUNE 30, 2022

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 2,648,694	\$ 73,036	\$ 2,721,730
Receivables from Other Governments	1,585,363	19,351	1,604,714
Other Accounts Receivables	1,443		1,443
Interfunds Receivable		2,991	2,991
Inventory		7,915	7,915
Restricted Assets:			
Capital Reserve Cash	2,002,008		2,002,008
Capital Assets, Net (Note 6):	739,853		739,853
Total Assets	6,977,361	103,293	7,080,654
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	319,792		319,792
LIABILITIES			
Accounts Payable	13,950	14,724	28,674
Payroll Deductions and Withholdings Payable	257,083		257,083
Interfunds Payable	2,991		2,991
Unearned Revenue	2,174,163	906	2,175,069
Accrued Interest	30,342		30,342
Net Pension Liability (Note 8)	1,254,451		1,254,451
Noncurrent Liabilities (Note 7):			
Due Within One Year	110,000		110,000
Due Beyond One Year	1,572,000		1,572,000
Total Liabilities	5,414,980	15,630	5,430,610
DEFERRED INFLOWS OF RESOURCES			
Gain on Refunding of Long-Term Debt	154,199		154,199
Pension Deferred Inflows	820,726		820,726
Total Deferred Inflows of Resources	974,925		974,925
NET POSITION			
Invested in Capital Assets, Net of Related Debt	(855,113)		(855,113)
Restricted for:			
Other Purposes	3,463,479		3,463,479
Unrestricted	(1,701,118)	87,663	(1,613,455)
Total Net Position	\$ 907,248	\$ 87,663	\$ 994,911

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:							
Instruction:							
Regular	\$ 5,023,686		\$ 3,394,157		\$ (1,629,529)		\$ (1,629,529)
Special Education	956,210		433,995		(522,215)		(522,215)
Other Special Instruction	328,940		149,296		(179,644)		(179,644)
Support Services:							
Tuition	864		392		(472)		(472)
Student & Instruction Related Serv.	2,495,569	\$ 903	1,892,099		(602,567)		(602,567)
School Administrative Services	204,649		92,884		(111,765)		(111,765)
General and Business Admin. Serv.	546,961		248,250		(298,711)		(298,711)
Plant Operations and Maintenance	1,531,861		695,266		(836,595)		(836,595)
Pupil Transportation	160,538		72,863		(87,675)		(87,675)
Interest on Long-Term Debt	33,548				(33,548)		(33,548)
Unallocated Depreciation	21,764				(21,764)		(21,764)
Total Governmental Activities	11,304,590	903	6,979,202		(4,324,485)		(4,324,485)
Business-Type Activities:							
Food Service	352,727	-	391,072			38,345	38,345
Total Business-Type Activities	352,727		391,072			38,345	38,345
Total Primary Government	\$ 11,657,317	\$ 903	\$ 7,370,274	-	\$ (4,324,485)	\$ 38,345	\$ (4,286,140)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 5,258,426		\$ 5,258,426
Taxes Levied for Debt Service					192,787		192,787
Investment Earnings					525		525
Miscellaneous Income					13,376		13,376
Total General Revenues, Special Items, Extraor. Items and Transfers					5,465,114		5,465,114
Change in Net Position					1,140,629	38,345	1,178,974
Net Position—Beginning					(233,381)	49,318	(184,063)
Prior Period Adjustments							
Net Position—Beginning (Restated)					(233,381)	49,318	(184,063)
Net Position—Ending					\$ 907,248	\$ 87,663	\$ 994,911

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

FUND FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 4,474,775	\$ 140,538	\$ 35,389	\$ 4,650,702
Receivables from Other Governments	14,864	1,570,499		1,585,363
Other Receivables	401	1,042		1,443
Interfund Receivables	-	321,948		321,948
TOTAL ASSETS	\$ 4,490,040	\$ 2,034,027	\$ 35,389	\$ 6,559,456
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 13,950			\$ 13,950
Payroll Deductions and Withholdings Payable	257,083			257,083
Interfund Payables	324,939			324,939
Unearned Revenue		\$ 2,174,163		2,174,163
Total Liabilities	595,972	2,174,163	-	2,770,135
Fund Balances:				
<u>Restricted for:</u>				
Capital Reserve Account	2,002,008			2,002,008
Excess Surplus	787,730			787,730
Excess Surplus - Designated for Subsequent Year's Expenditures	663,431			663,431
Student Activities		4,177		4,177
Scholarships		6,133		6,133
<u>Assigned to:</u>				
Year-End Encumbrances	464,105			464,105
<u>Unassigned:</u>				
Debt Service Fund			\$ 35,389	35,389
Special Revenue Fund		(150,446)		(150,446)
General Fund	(23,206)			(23,206)
Total Fund Balances	3,894,068	(140,136)	35,389	3,789,321
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,490,040	\$ 2,034,027	\$ 35,389	\$ 6,559,456

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,886,087 and the accumulated depreciation is \$6,146,234.	\$ 739,853
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8)	319,792
Deferred Inflows related to pension actuarial gains and gains on refunding of Long-Term debt are not reported as liabilities in the fund statements (See Note 7 and 8)	(974,925)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)	(1,254,451)
Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(30,342)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(1,682,000)
Net Position of governmental activities	<u>\$ 907,248</u>

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 5,258,426		\$ 192,787	\$ 5,451,213
Miscellaneous	13,762	\$ 1,042	-	14,804
Total - Local Sources	<u>5,272,188</u>	<u>1,042</u>	<u>192,787</u>	<u>5,466,017</u>
State Sources	5,334,136	1,429,583		6,763,719
Federal Sources	8,403	443,907		452,310
Total Revenues	<u>10,614,727</u>	<u>1,874,532</u>	<u>192,787</u>	<u>12,682,046</u>
EXPENDITURES				
Current:				
Regular Instruction	2,305,891	1,098,849		3,404,740
Special Education Instruction	685,343			685,343
Other Special Instruction	235,761			235,761
Support services and undistributed costs:				
Tuition	619			619
Student and Instruction Related Services	1,029,211	759,435		1,788,646
School Administrative Services	146,678			146,678
Other Administrative Services	392,023			392,023
Plant Operations and Maintenance	1,097,929			1,097,929
Pupil Transportation	115,062			115,062
Unallocated Benefits	3,648,680			3,648,680
Transfer to Charter School	39,962			39,962
Debt Service:				
Principal			120,000	120,000
Interest and Other Charges			49,660	49,660
Capital Outlay	12,485	37,610		50,095
Total Expenditures	<u>9,709,644</u>	<u>1,895,894</u>	<u>169,660</u>	<u>11,775,198</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>905,083</u>	<u>(21,362)</u>	<u>23,127</u>	<u>906,848</u>
Fund Balance—July 1	2,988,985	(118,774)	12,262	2,882,473
Prior Period Adjustment-See Note 20	-	-	-	-
Fund Balance—July 1 (Restated)	<u>2,988,985</u>	<u>(118,774)</u>	<u>12,262</u>	<u>2,882,473</u>
Fund Balance—June 30	<u>\$ 3,894,068</u>	<u>\$ (140,136)</u>	<u>\$ 35,389</u>	<u>\$ 3,789,321</u>

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 906,848

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

Depreciation Expense	\$ (217,645)	
Capital Outlays	<u>37,610</u>	(180,035)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption.

This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. 261,218

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 120,000

In the statement of activities, compensated absences is accrued regardless of when paid.

In the governmental funds, compensated absences are reported when paid.

This is the amount by which the current year's compensated absence payments exceed the current year's amount earned. 4,000

In the statement of activities, premiums on long-term debt are amortized over the life of the issue in the statement of activities. In the governmental funds, premiums are reported when received. 13,077

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which current year's amount of interest accrual exceeds the prior year's amount. 15,521

Change in Net Position of Governmental Activities (A-2) \$ 1,140,629

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

JUNE 30, 2022

		Business-Type Activities- Enterprise Funds	
		Food Service	Totals
ASSETS			
Current assets:			
Cash and Cash Equivalents		\$ 73,036	\$ 73,036
Accounts Receivable		19,351	19,351
Interfund Receivables		2,991	2,991
Inventories		7,915	7,915
Total Current Assets		<u>103,293</u>	<u>103,293</u>
Total Assets		<u>103,293</u>	<u>103,293</u>
LIABILITIES			
Current liabilities:			
Accounts Payable		14,724	14,724
Deferred Revenue		906	906
Total Current Liabilities		<u>15,630</u>	<u>15,630</u>
Total Liabilities		<u>15,630</u>	<u>15,630</u>
NET POSITION			
Unrestricted		87,663	87,663
Total Net Position		<u>\$ 87,663</u>	<u>\$ 87,663</u>

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Business-type Activities- Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	-	-
Daily Sales - Non-Reimb. Programs	-	-
Miscellaneous	-	-
Total Operating Revenues	-	-
Operating Expenses:		
Cost of Sales - Reimbursable Programs	\$ 180,148	\$ 180,148
Cost of Sales - Non-reimbursable Programs	-	-
Salaries	71,284	71,284
Employee Benefits	21,878	21,878
Supplies	3,468	3,468
Utilities	70,000	70,000
Administrative Expenses	-	-
Other Purchased Professional Services	5,949	5,949
Total Operating Expenses	352,727	352,727
Operating Income (Loss)	(352,727)	(352,727)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	6,009	6,009
Federal Sources:		
National School Lunch Program	273,713	273,713
National School Breakfast Program	96,964	96,964
P-EBT Administrative Cost Reimbursement	1,242	1,242
Food Distribution Program	13,144	13,144
Total Nonoperating Revenues (Expenses)	391,072	391,072
Income (Loss) Before Contributions and Transfers	38,345	38,345
Transfers In (Out)		-
Change in Net Position	38,345	38,345
Total Net Position—Beginning	49,318	49,318
Total Net Position—Ending	\$ 87,663	\$ 87,663

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2022

	Business-Type Activities- Enterprise Funds	
	<u>Food Service</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	-	-
Payments to Employees	\$ (71,284)	\$ (71,284)
Payments for Employee Benefits	(21,878)	(21,878)
Payments to Suppliers	(243,072)	(243,072)
Net Cash Provided by (used for) Operating Activities	(336,234)	(336,234)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	6,179	6,179
Federal Sources	363,857	363,857
Operating Subsidies and Transfer from Other Funds	-	-
Net Cash Provided by (used for) Non-Capital Financing Activities	370,036	370,036
Net Increase (Decrease) in Cash and Cash Equivalents	33,802	33,802
Balances—Beginning of Year	39,234	39,234
Balances—End of Year	\$ 73,036	\$ 73,036
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (352,727)	\$ (352,727)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Operating Transfers (Non-Cash)		-
Federal Commodities	13,144	13,144
(Increase) Decrease in Accounts Receivable	-	-
(Increase) Decrease in Inventories	(3,504)	(3,504)
Increase (Decrease) in Accounts Payable	6,853	6,853
Total Adjustments	16,493	16,493
Net Cash Provided by (used for) Operating Activities	\$ (336,234)	\$ (336,234)

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

Notes to Financial Statements

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, and GASB No. 84, Fiduciary Activities. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2021.

A. Reporting Entity:

The Washington Borough School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Washington Borough School District had an approximate enrollment at June 30, 2022, of 508 students.

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

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

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the District reports the following fund type:

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

Measurement Focus-Basis of Accounting

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

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

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

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

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

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

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

D. Encumbrance Accounting:

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

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

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

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

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

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

Fund Balance Reserves:

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

Revenues—Exchange and Nonexchange Transactions

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

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2022, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2022, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents (A-1)
Capital Reserve	\$ 2,002,008
Checking Accounts	<u>2,721,730</u>
	<u>\$ 4,723,738</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2022, was \$4,723,738 and the bank balance was \$4,969,203. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$4,719,203 was covered by collateral pool.

NOTE 3: RECEIVABLES

Receivables at June 30, 2022, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
Federal Aid	\$ 1,570,499	\$ 1,589,540
State Aid	14,864	15,174
Other	<u>1,443</u>	<u>1,443</u>
Gross Receivable	1,586,806	1,606,157
Less: Allow. for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	<u>\$ 1,586,806</u>	<u>\$ 1,606,157</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2022, consisted of the following:

Food	\$	5,593
Supplies		<u>2,322</u>
	\$	<u>7,915</u>

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

NOTE 5: DEFERRED BOND ISSUANCE COSTS

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

NOTE 6: CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Total Capital Assets Not Being Depreciated	-	-	-	-
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	\$ 127,239			\$ 127,239
Buildings and Building Improvements	6,512,022	\$ 37,610		6,549,632
Machinery and Equipment	209,216			209,216
Total at Historical Cost	6,848,477	37,610		6,886,087
Less Accumulated Depreciation for:				
Building and Improvements	(5,740,058)	(214,198)		(5,954,256)
Equipment	(188,531)	(3,447)		(191,978)
Total Accumulated Depreciation	(5,928,589)	(217,645)		(6,146,234)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	919,888	(180,035)		739,853
Government Activity Capital Assets, Net	\$ 919,888	\$ (180,035)		\$ 739,853

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 6: CAPITAL ASSETS - (CONTINUED)

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 195,881
Unallocated	21,764
Total	<u>\$ 217,645</u>

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

NOTE 7: LONG-TERM OBLIGATIONS

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2022, are as follows:

	Balance <u>7/1/2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2022</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$1,775,000		\$ 120,000	\$1,655,000	\$110,000
Other Liabilities:					
Compensated Absences Payable	31,000		4,000	27,000	
Total	<u>\$1,806,000</u>		<u>\$124,000</u>	<u>\$1,682,000</u>	<u>\$110,000</u>

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 7: LONG-TERM OBLIGATIONS- (CONTINUED)

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

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

For the year ended June 30, 2022, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			Balance <u>6/30/22</u>
	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	
Refunding School Bonds Series 2021	4/15/21	4.0%	7/15/33	\$ 1,655,000
Total Bonds				<u>\$ 1,655,000</u>

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2022, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 110,000	\$ 64,000	\$ 174,000
2024	110,000	59,600	169,600
2025	120,000	55,000	175,000
2026	125,000	50,100	175,100
2027	130,000	45,000	175,000
Thereafter	1,060,000	155,000	1,215,000
	<u>\$ 1,655,000</u>	<u>\$ 428,700</u>	<u>\$ 2,083,700</u>

As of June 30, 2022, the District had no authorized but not issued bonds.

C. Deferred Gain of Refunding Issues:

For the District-wide financial statements, governmental activity debt issuance premiums are amortized straight-line over the life of the specific bonds (13 years) for the 2021 Refunding Bonds. Amortization of the premium for the year ended June 30, 2022 was \$13,077. The balance of deferred premiums at June 30, 2022 for all issues is \$154,199.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS

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

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

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$16,836,659 as measured on June 30, 2021 and \$23,873,194 measured on June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$396,174 and revenue of \$396,174 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2022 is based upon changes in the collective net pension liability with a measurement period of June 30, 2020 through June 30, 2021. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2020 and June 30, 2021.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

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

	<u>6/30/2020</u>	<u>6/30/2021</u>
Collective deferred outflows of resources	\$9,589,140,982	\$6,356,228,800
Collective deferred inflows of resources	\$14,409,361,877	\$27,175,330,929
Collective net pension liability (Nonemployer-State of New Jersey)	\$65,848,796,740	\$48,075,188,642
State's portion of the net pension liability that was associated with the district	\$23,873,194	\$16,836,659
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.036255%	0.035022%

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

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2021) 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 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-US devel.markets equit	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yeild	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	0.95%
Risk mitigation	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 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 in determining the total pension liability.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2021, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
State's Collective Net Pension Liability	\$ 56,988,413,045	\$ 48,165,991,182	\$ 40,755,711,186

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2021 was \$26,533,142,515.

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

	<u>Year Ended June 30:</u>
2022	(\$2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	<u>(3,367,824,517)</u>
Total	<u>(\$20,990,267,071)</u>

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2021 are as follows:

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

Service cost	\$1,759,507,848
Interest on total ension liability	4,695,758,765
Member contributions	(883,659,076)
Administrative expens	9,042,590
Expected investment return net of investment expenses	(1,458,899,157)
Pension expense related to specific liabilities of individual employers	(403,226)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	201,861,563
Changes in assumptions	(2,256,761,544)
Difference between projected and actual investment earnings on pension plan investments	<u>(933,080,851)</u>
Total pension expense	<u>\$1,133,366,912</u>

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

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2022, the District reported a liability of \$1,254,451 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The total pension liability for the June 30, 2020 valuation was determined by an experience study for the period July 1, 2014 to June 30, 2018. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2021 and 2020. At June 30, 2021, the District's proportion was 0.01059% which was an increase of 0.00045% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of (\$124,061). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 19,784	\$ 8,980
Changes of assumptions	6,533	446,593
Net difference between projected and actual earnings on pension plan investments	-	330,455
Changes in proportion and differences between District contributions and proportionate share of contributions	169,463	34,698
District contributions subsequent to the measurement date	124,012	
Total	<u>\$ 319,792</u>	<u>\$ 820,726</u>

\$124,012 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2022, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net pension liability measured as of June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2022	(\$243,489)
2023	(173,851)
2024	(118,537)
2025	(89,104)
2026	<u>35</u>
Total	<u>(\$624,946)</u>

	<u>6/30/2020</u>	<u>6/30/2021</u>
Collective deferred outflows of resources	\$2,347,583,337	\$1,164,738,169
Collective deferred inflows of resources	7,849,949,467	8,339,123,762
Collective net pension liability (Non State - Local Group)	\$16,307,384,832	\$11,846,496,875
District's portion of net pension liability	\$1,652,697	\$1,254,451
District's proportion %	0.01013465%	0.01058921%

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-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, 2014 to June 30, 2019.

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) 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 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 Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-US devel.markets equit	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yeild	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash equivalentents	4.00%	0.50%
US Treasuries	5.00%	0.95%
Risk mitigation	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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2021, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 1,708,308	\$1,254,451	\$ 869,289

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2021 are as follows:

Service cost	\$53,499
Interest on total Pension liability	210,237
Member contributions	(43,526)
Administrative expens	761
Expected investment return net of investment expenses	(114,697)
Pension expense related to specific liabilities of individual employers	(536)
Recognition (amortization) of deferred inflows/outflows:	0
Differences between expected and actual experience	5,891
Changes in assumptions	(159,585)
Difference between projected and actual investment earnings on pension plan investments	<u>(76,106)</u>
Total pension expense	<u>(\$124,061)</u>

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

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

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

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

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

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

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2022	\$124,012	100 %	-0-
6/30/2021	\$110,868	100	-0-
6/30/2020	\$97,793	100	-0-

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2022	\$1,419,609	100 %	-0-
6/30/2021	\$1,038,112	100	-0-
6/30/2020	\$810,215	100	-0-

During the fiscal year ended June 30, 2022, the State of New Jersey did contribute \$1,751,137 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$268,543 during the year ended June 30, 2022, for the employer’s share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 9: POST-RETIREMENT BENEFITS

Plan description and benefits provided

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

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

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

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

Total Nonemployer OPEB Liability

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

Actuarial assumptions and other imputes The June 30, 2022 GASB 75 reporting is based on a measurement date of June 30, 2021. The total nonemployer 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 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, 2014 - June 30, 2018, for TPAF and PERS, respectively. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 9: POST-RETIREMENT BENEFITS-(Continued)

Inflation rate	2.50%
Salary Increases Through 2026:	1.55-4.45% TPAF 2.00-6.00% PERS Based on service years
Salary Increases Thereafter:	2.75-4.45% TPAF 3.00-7.00% PERS Based on service years
Discount rate (2021)	2.16%
Discount rate (2020)	2.21%
Healthcare cost trend rates (PPO Plans)	5.74%, increasing to 12.93% in fiscal year 2025 and decreases to 4.5% after eleven years
Healthcare cost trend rates (HMO Plans)	6.01%, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after eleven years
Healthcare cost trend rates (Prescription Drug Benefits)	6.75% and decreases to a 4.5% long-term trend rate after seven years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	5.65%

The discount rate for June 30, 2021 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.

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

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

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2020	\$67,809,962,608
<u>Changes for the year:</u>	
Service Cost	3,217,184,264
Interest on the Total OPEB Liability	1,556,661,679
Change in Benefit Terms	(63,870,842)
Differences Between Expected and Actual Experience	(11,385,071,658)
Changes of Assumptions	59,202,105
Gross Benefit Payments	-
Contributions from Members	(1,186,417,186)
Net changes	<u>(7,802,311,638)</u>
The State's Total OPEB Liability Balance at 6/30/2021	<u>\$60,007,650,970</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 9: POST-RETIREMENT BENEFITS-(Continued)

The State's total OPEB liability attributable to the District: \$22,161,971

Benefit Changes: The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021 and other changes.

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

	June 30, 2021		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Total OPEB Liability (School Retirees)	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138

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

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

	June 30, 2021		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
	<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$48,576,388,417	\$60,007,650,970	\$75,358,991,782

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 9: POST-RETIREMENT BENEFITS-(Continued)

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

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

For the year ended June 30, 2021, the board of education recognized OPEB expense and related revenue of \$1,117,492 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$9,045,886,863	\$18,009,362,976
Changes of assumptions or other inputs	<u>10,179,536,966</u>	<u>6,438,261,807</u>
Total	<u>\$19,225,423,829</u>	<u>\$24,447,624,783</u>

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

Year ended June 30:	
2022	(\$1,182,303,041)
2023	(\$1,182,303,041)
2024	(\$1,182,303,041)
2025	(\$1,182,303,041)
2026	(840,601,200)
Thereafter	<u>347,612,410</u>
	<u>(\$5,222,200,954)</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10: DEFERRED COMPENSATION

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

Prudential Financial Planning

NOTE 11: COMPENSATED ABSENCES

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2022, no liability existed for compensated absences in the proprietary fund types.

NOTE 12: RISK MANAGEMENT

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

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

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 14: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$3,894,068 General Fund fund balance at June 30, 2022, \$464,105 is reserved for encumbrances; \$1,451,161 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$663,431 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2023); \$2,002,008 has been reserved in the Capital Reserve Account; and (\$23,206) is unreserved and undesignated.

NOTE 15: CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 1,251,875
Interest Earned	133
Deposits: Board Resolution June 6, 2022	750,000
Ending Balance, June 30, 2022	<u>\$ 2,002,008</u>

NOTE 16: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 is \$787,730.

NOTE 17: INTERFUND RECEIVABLES AND PAYABLES

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 18: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

NOTE 19: DEFICIT FUND BALANCES

The District has a deficit fund balance (Exhibit B-1) of \$140,136 in the Special Revenue Fund as of June 30, 2022, as reported in the fund statements (modified accrual basis). P.L.2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No.33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability.

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,258,426		\$ 5,258,426	\$ 5,258,426	-
Miscellaneous	1,001		1,001	13,762	\$ 12,761
Total - Local Sources	<u>5,259,427</u>		<u>5,259,427</u>	<u>5,272,188</u>	<u>12,761</u>
State Sources:					
Equalization Aid	2,915,867		2,915,867	2,915,867	
Transportation Aid	27,569		27,569	27,569	
Special Education Aid	295,505		295,505	295,505	
Security Aid	96,092		96,092	96,092	
Other State Aid				3,480	3,480
TPAF Pension (On-Behalf - Non-Budgeted)				1,418,965	1,418,965
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				331,528	331,528
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				644	644
TPAF Social Security (Reimbursed - Non-Budgeted)				268,543	268,543
Total State Sources	<u>3,335,033</u>		<u>3,335,033</u>	<u>5,358,193</u>	<u>2,023,160</u>
Federal Sources:					
Medical Assistance Aid	20,479		20,479	8,403	(12,076)
Total Federal Sources	<u>20,479</u>		<u>20,479</u>	<u>8,403</u>	<u>(12,076)</u>
TOTAL REVENUES	<u>8,614,939</u>		<u>8,614,939</u>	<u>10,638,784</u>	<u>2,023,845</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	266,033		266,033	236,719	29,314
Grades 1-5 - Salaries of Teachers	1,548,297	593	1,548,890	1,475,961	72,929
Grades 6-8 - Salaries of Teachers	263,285	(593)	262,692	260,480	2,212
Regular Programs - Home Instruction:					
Salaries of Teachers	7,000		7,000	2,645	4,355

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	134,950	5,533	140,483	90,583	49,900
Other Purchased Services (400-500 series)	52,500		52,500	35,127	17,373
General Supplies	115,000	328,130	443,130	203,286	239,844
Textbooks					
Other Objects	5,000		5,000	1,090	3,910
TOTAL REGULAR PROGRAMS - INSTRUCTION	2,392,065	333,663	2,725,728	2,305,891	419,837
SPECIAL EDUCATION - INSTRUCTION					
Learning/Language Disabilities:					
Salaries of Teachers	275,783	(389)	275,394	177,026	98,368
Other Salaries for Instruction	177,407		177,407	118,801	58,606
General Supplies	800	389	1,189	598	591
Total Learning/Language Disabilities	453,990		453,990	296,425	157,565
Resource Room/Resource Center:					
Salaries of Teachers	298,580		298,580	271,770	26,810
Other Salaries for Instruction	59,582		59,582	57,059	2,523
General Supplies	2,500		2,500	31	2,469
Total Resource Room/Resource Center	360,662		360,662	328,860	31,802
Autism:					
Salaries of Teachers	54,867		54,867	10,629	44,238
Other Salaries for Instruction	73,748		73,748	46,709	27,039
General Supplies	750		750		750
Total Autism	129,365		129,365	57,338	72,027
Preschool Disabilities - Part-Time:					
Other Salaries for Instruction	29,155		29,155	2,720	26,435
General Supplies	750		750		750
Total Preschool Disabilities - Part-Time	29,905		29,905	2,720	27,185
TOTAL SPECIAL EDUCATION - INSTRUCTION	973,922		973,922	685,343	288,579

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Basic Skills/Remedial - Instruction					
Salaries of Teachers	208,596		208,596	171,920	36,676
General Supplies	1,000	264	1,264	787	477
Total Basic Skills/Remedial - Instruction	<u>209,596</u>	<u>264</u>	<u>209,860</u>	<u>172,707</u>	<u>37,153</u>
Bilingual Education - Instruction					
Salaries of Teachers	93,289		93,289	63,054	30,235
Total Bilingual Education - Instruction	<u>93,289</u>		<u>93,289</u>	<u>63,054</u>	<u>30,235</u>
TOTAL INSTRUCTION	<u>3,668,872</u>	<u>333,927</u>	<u>4,002,799</u>	<u>3,226,995</u>	<u>775,804</u>
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State - Special	75,193	(2,498)	72,695	619	72,076
Tuition to Private Schools for the Disabled - Within State	65,144		65,144		65,144
Tuition Other	5,500		5,500		5,500
Total Instruction	<u>145,837</u>	<u>(2,498)</u>	<u>143,339</u>	<u>619</u>	<u>142,720</u>
Health Services:					
Salaries	146,418		146,418	138,423	7,995
Purchased Professional and Technical Services	5,000		5,000	2,256	2,744
Supplies and Materials	3,000		3,000	1,668	1,332
Total Health Services	<u>154,418</u>		<u>154,418</u>	<u>142,347</u>	<u>12,071</u>
Other Supp. Services Students-Related Services:					
Salaries	74,421		74,421	70,880	3,541
Purchased Professional - Educational Services	323,966	400	324,366	224,902	99,464
Supplies and Materials	500	37	537	424	113
Total Other Supp. Services Students-Related Services	<u>398,887</u>	<u>437</u>	<u>399,324</u>	<u>296,206</u>	<u>103,118</u>
Other Supp. Services Students-Extra Services:					
Salaries	21,392		21,392	21,018	374
Total Other Supp. Services Students-Extra Services	<u>21,392</u>		<u>21,392</u>	<u>21,018</u>	<u>374</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	60,703		60,703	44,096	16,607
Salaries of Secretarial and Clerical Assistants	118,031		118,031	114,431	3,600
Supplies and Materials	10,000	894	10,894	3,151	7,743
Total Other Supp. Services Students-Regular	188,734	894	189,628	161,678	27,950
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	231,751	(70,000)	161,751	152,584	9,167
Purchased Professional - Educational Services	2,000	69,169	71,169	54,519	16,650
Supplies and Materials	4,000	1,674	5,674	3,574	2,100
Other Objects	1,000		1,000		1,000
Total Other Supp. Services Students-Special	238,751	843	239,594	210,677	28,917
Educational Media Services/School Library:					
Salaries	85,482		85,482	82,670	2,812
Supplies and Materials	8,500		8,500	2,024	6,476
Total Educational Media Services/School Library	93,982		93,982	84,694	9,288
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	110,056		110,056	102,190	7,866
Purchased Professional - Educational Services	1,500		1,500	1,300	200
Other Purchased Services (400-500 series)	10,000		10,000	9,101	899
Total Instructional Staff Training Services	121,556		121,556	112,591	8,965
Supp. Services - General Administration:					
Salaries	224,885		224,885	214,556	10,329
Legal Services	12,000		12,000	6,965	5,035
Audit Services	20,000		20,000	18,663	1,337
Other Purchased Professional Services	12,250	1,005	13,255	12,390	865
Communications/Telephone	4,500		4,500	400	4,100
BOE Other Purchased Services	3,500	(1,005)	2,495		2,495
Other Purchased Services (400-500 series)	13,350		13,350	10,824	2,526
General Supplies	1,000		1,000	410	590
Miscellaneous Expenditures	7,800		7,800	6,694	1,106
Total Supp. Services - General Administration	299,285		299,285	270,902	28,383

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	112,275	(307)	111,968	103,829	8,139
Salaries of Secretarial and Clerical Assistants	40,080	307	40,387	40,387	
General Supplies	2,000		2,000	622	1,378
Other Objects	1,900		1,900	1,840	60
Total Support Services - School Administration	156,255		156,255	146,678	9,577
Central Services:					
Salaries	50,853		50,853	50,853	
Purchased Professional Services	65,000		65,000	65,000	
Purchased Technical Services	4,500		4,500	4,360	140
General Supplies	1,000		1,000	908	92
Total Central Services:	121,353		121,353	121,121	232
Required Maintenance for School Facilities:					
Salaries	15,991	9,000	24,991	22,413	2,578
Cleaning, Repair and Maintenance Services	330,000	263,817	593,817	343,246	250,571
General Supplies	15,000	15,000	30,000	23,716	6,284
Total Required Maintenance for School Facilities	360,991	287,817	648,808	389,375	259,433
Other Operations and Maintenance of Plant:					
Salaries	310,695	(51,383)	259,312	256,915	2,397
Cleaning, Repair and Maintenance Services	160,000	50,528	210,528	142,124	68,404
Other Purchased Property Services	36,000	(7,160)	28,840	26,687	2,153
Insurance	67,441	(6,000)	61,441	61,035	406
Miscellaneous Purchased Services	2,000		2,000	325	1,675
General Supplies	37,500	59,553	97,053	58,544	38,509
Energy (Natural Gas)	24,000	10,000	34,000	33,014	986
Energy (Electricity)	90,000	(4,000)	86,000	80,705	5,295
Energy (Gasoline)	1,000	2,092	3,092	1,248	1,844
Other Objects	1,500		1,500	1,499	1
Total Other Operations and Maintenance of Plant	730,136	53,630	783,766	662,096	121,670
Undist. Expend. -Care and Upkeep of Grounds:					
Purchased Professional and Technical Services	65,000		65,000	46,458	18,542
Total Undist. Expend. -Care and Upkeep of Grounds	65,000		65,000	46,458	18,542

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services					
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	30,000	(10,073)	19,927	13,000	6,927
Contracted Services (Oth. Than Bet.Home and Sch)-Vendors	8,000	(7,927)	73	73	
Contracted Services (Bet.Home and School)-Joint Agrmts.	1,500	(1,500)			
Contracted Services (Special Ed. Students)-Vendors	170,000		170,000	101,989	68,011
Contr Serv (Regular Students) - ESCs & CTSA	5,000	(5,000)			
Total Student Transportation Services	214,500	(24,500)	190,000	115,062	74,938
ALLOCATED BENEFITS					
Health Benefits	648,589	(226,250)	422,339	200,677	221,662
Tuition Reimbursement	55,000		55,000	20,000	35,000
Health Benefits-Special Programs	656,745		656,745	540,402	116,343
Health Benefits-Health services	46,511		46,511	46,195	316
Health Benefits-Speech/OT/PT	16,135		16,135	15,977	158
Health Benefits-Other Supp Serv - Guidance	133,756		133,756	133,124	632
Health Benefits-Other Supp Serv - Child Study Team	101,394		101,394	100,920	474
Health Benefits-Other Supp Serv - School Library	42,630		42,630	42,472	158
Health Benefits-Operations and Maintenance of Plant	151,786		151,786	140,853	10,933
TOTAL ALLOCATED BENEFITS	1,852,546	(226,250)	1,626,296	1,240,620	385,676
UNALLOCATED BENEFITS					
Social Security Contributions	95,000	24,234	119,234	119,234	
Other Retirement Contributions - Regular	110,000	14,012	124,012	124,012	
Unemployment Compensation	10,000	10,474	20,474	20,474	
Workmen's Compensation	36,870	(1,730)	35,140	35,140	
Health Benefits	73,005	(316)	72,689	72,689	
Other Employee Benefits	12,500	4,331	16,831	16,831	
TOTAL UNALLOCATED BENEFITS	337,375	51,005	388,380	388,380	
On-behalf TPAF pension Contrib. (non-budgeted)				1,418,965	(1,418,965)
On-behalf TPAF PRM Contrib. (non-budgeted)				331,528	(331,528)
On-behalf TPAF pension LTD Ins. (non-budgeted)				644	(644)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				268,543	(268,543)
TOTAL ON-BEHALF CONTRIBUTIONS				2,019,680	(2,019,680)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	2,189,921	(175,245)	2,014,676	3,648,680	(1,634,004)
TOTAL UNDISTRIBUTED EXPENDITURES	5,500,998	141,378	5,642,376	6,430,202	(787,826)
TOTAL GENERAL CURRENT EXPENSE	9,169,870	475,305	9,645,175	9,657,197	(12,022)

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	12,485		12,485	12,485	
Total Facilities Acquisition and Construction Services	<u>12,485</u>		<u>12,485</u>	<u>12,485</u>	
TOTAL CAPITAL OUTLAY	<u>12,485</u>	-	<u>12,485</u>	<u>12,485</u>	-
Transfer of Funds to Charter Schools	37,464	2,498	39,962	39,962	
TOTAL EXPENDITURES	<u>9,219,819</u>	<u>477,803</u>	<u>9,697,622</u>	<u>9,709,644</u>	<u>(12,022)</u>
Excess (Deficiency) of Revenues Over(Under) Expenditures	<u>(604,880)</u>	<u>(477,803)</u>	<u>(1,082,683)</u>	<u>929,140</u>	<u>2,011,823</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(604,880)</u>	<u>(477,803)</u>	<u>(1,082,683)</u>	<u>929,140</u>	<u>2,011,823</u>
Fund Balance, July 1	3,297,183		3,297,183	3,297,183	
Fund Balance, June 30	<u>\$ 2,692,303</u>	<u>\$ (477,803)</u>	<u>\$ 2,214,500</u>	<u>\$ 4,226,323</u>	<u>\$ 2,011,823</u>
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 2,002,008	
Excess Surplus				787,730	
Excess Surplus - Designated for Subsequent Year's Expenditures				663,431	
Assigned to:					
Year-End Encumbrances				464,105	
Unassigned:					
Unrestricted Fund Balance				<u>309,049</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				<u>4,226,323</u>	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(332,255)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 3,894,068</u>	

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources	\$ 1,250	\$ 2,612	\$ 3,862	\$ 1,154	\$ (2,708)
State Sources	1,610,034	(105,505)	1,504,529	1,504,529	-
Federal Sources	830,608	1,146,051	1,976,659	828,246	(1,148,413)
Total Revenues	2,441,892	1,043,158	3,485,050	2,333,929	(1,151,121)
EXPENDITURES:					
Instruction					
Salaries of Teachers	621,146	(9,177)	611,969	447,381	164,588
Other Salaries for Instruction	376,101	(99,486)	276,615	276,615	
Purchased Professional and Technical Svc	10,092	95,000	105,092	10,092	95,000
Purchased Professional Educational Services	45,140	35,360	80,500	80,500	
Other Purchased Services	15,000	-	15,000	15,000	
Tuition	145,240	-	145,240	145,240	
General Supplies	68,311	120,805	189,116	88,455	100,661
Total Instruction	1,281,030	142,502	1,423,532	1,063,283	360,249
Support Services					
Salaries of Supervisors	74,499	-	74,499	74,499	
Salaries of Program Directors	5,000	-	5,000	5,000	
Personal Services - Employee Bene.	186,111	(3,171)	182,940	182,940	
Cleaning, Repair, and Maintenance	400,000	122,775	522,775	522,775	
Other Purchased Services	47,775	2,651	50,426	47,651	2,775
Supplies & Materials	15,151	197	15,348	15,348	
Student Activities		296	296	296	
Scholarships		-	-	-	
Total Support Services	728,536	122,748	851,284	848,509	2,775
Facilities Acq. & Construction Svs					
Buildings	432,326	777,300	1,209,626	421,529	788,097
Total Facilities & Construction Svs	432,326	777,300	1,209,626	421,529	788,097
Total Expenditures	2,441,892	1,042,550	3,484,442	2,333,321	1,151,121
Total Outflows	2,441,892	1,042,550	3,484,442	2,333,321	1,151,121
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	608	608	608	-
Fund Balance Beginning				9,702	
Prior Period Adjustment				-	
Fund Balance Beginning (Restated)				9,702	
Fund Balance Ending				<u>\$ 10,310</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 6,133	
Student Activities				4,177	
Fund Balance per Governmental Funds(Budgetary Basis)				<u>10,310</u>	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				(150,446)	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ (140,136)</u>	

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

For the Fiscal Year Ended June 30, 2022

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 10,638,784	\$ 2,333,929
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	585,614
Current Year Encumbrances	N/A	(1,023,041)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	308,198	128,476
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(332,255)</u>	<u>(150,446)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 10,614,727</u>	<u>\$ 1,874,532</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 9,709,644	\$ 2,333,321
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	585,614
Current Year Encumbrances	N/A	(1,023,041)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u> </u>	<u> </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 9,709,644</u>	<u>\$ 1,895,894</u>

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

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 16,836,659	\$ 23,873,194	\$ 20,507,116	\$ 21,210,374	\$ 24,497,479	\$ 29,953,449	\$ 23,152,287	\$ 19,249,269	\$ 17,454,111	
Total	\$ 16,836,659	\$ 23,873,194	\$ 20,507,116	\$ 21,210,374	\$ 24,497,479	\$ 29,953,449	\$ 23,152,287	\$ 19,249,269	\$ 17,454,111	
District's covered employee payroll	\$ 3,720,517	\$ 3,700,890	\$ 3,810,463	\$ 3,786,390	\$ 3,738,407	\$ 3,559,593	\$ 3,645,121	\$ 3,956,625	\$ 3,798,293	
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	35.50%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	

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

Exhibit L-1

Public Employees' Retirement System (PERS)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.01059%	0.01013%	0.00968%	0.01001%	0.00960%	0.00976%	0.00915%	0.00942%	0.00861%	
District's proportionate share of the net pension liability (asset)	\$ 1,254,451	\$ 1,652,697	\$ 1,743,784	\$ 1,970,302	\$ 2,234,431	\$ 2,890,551	\$ 2,054,476	\$ 1,763,497	\$ 1,645,147	
District's covered employee payroll	\$ 768,325	\$ 714,150	\$ 737,207	\$ 709,410	\$ 687,724	\$ 692,891	\$ 977,890	\$ 783,314	\$ 912,374	
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	163.27%	231.42%	236.54%	277.74%	324.90%	417.17%	210.09%	225.13%	180.31%	
Plan fiduciary net position as a percentage of the total pension liability (Local)	70.33%	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%	

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

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

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 3,720,517	\$ 3,700,890	\$ 3,810,463	\$ 3,786,390	\$ 3,738,407	\$ 3,559,593	\$ 3,645,121	\$ 3,956,625	\$ 3,798,293	
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Public Employees' Retirement System (PERS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 124,012	\$ 110,868	\$ 97,793	\$ 100,464	\$ 91,060	\$ 87,805	\$ 78,684	\$ 77,649	\$ 67,827	
Contributions in relation to the contractually required contribution	(124,012)	(110,868)	(97,793)	(100,464)	(91,060)	(87,805)	(78,684)	(77,649)	(67,827)	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll	\$ 768,325	\$ 714,150	\$ 737,207	\$ 709,410	\$ 687,724	\$ 692,891	\$ 977,890	\$ 783,314	\$ 912,374	
Contributions as a percentage of covered-employee payroll	16.14%	15.52%	13.27%	14.16%	13.24%	12.67%	8.05%	9.91%	7.43%	

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

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

Exhibit M-1

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

The State of New Jersey's Total OPEB Liability	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Service Cost	\$ 3,217,184,264	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319				
Interest	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792				
Change in Benefit Terms	-63870842									
Differences Between Expected and Actual Experience	(11,385,071,658)	11,544,750,637	(7,323,140,818)	-5002065740						
Benefit Payments	59,202,105	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)				
Contributions from Members	-	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747				
Changes of Assumptions or other inputs	(1,186,417,186)	12,386,549,981	622,184,027	(5,291,448,855)	(7,086,599,129)	8,611,513,521				
Net change in total OPEB liability	(7,802,311,638)	26,080,881,563	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360				
Total OPEB Liability - Beginning	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184	\$ 46,849,651,824				
Total OPEB Liability - Ending	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184				
The State of New Jersey's total OPEB liability **	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184				
The State of New Jersey's OPEB liability attributable to the District **	\$ 22,161,971	\$ 25,508,851	\$ 15,375,816	\$ 16,763,792	\$ 20,681,873	\$ 22,291,926				
The District's proportionate share of the total OPEB liability	Zero	Zero	Zero	Zero	Zero	Zero				
District's covered employee payroll	\$ 4,488,842	\$ 4,415,040	\$ 4,547,670	\$ 4,495,800	\$ 4,426,131	\$ 4,252,484				
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
District's contribution	None	None	None	None	None	None				
State's covered employee payroll ***	\$ 14,425,669,769	\$ 14,267,738,657	\$ 13,929,083,479	\$ 13,640,275,833	\$ 13,493,400,208	\$ 13,493,400,208				
Total State's OPEB liability as a percentage of its covered-employee payroll	415.98%	475.27%	299.58%	338.05%	397.53%	428.59%				

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

*** Covered payroll for the Measurement Period ending June 30, 2020 and June 30, 2021 is based on the payroll on the June 30, 2019 and June 30, 2020 census data, respectively

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

WASHINGTON BOROUGH SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2022

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

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

Changes of assumptions. Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

OPEB Schedules

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

Changes of benefit terms. The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021.

Pension Schedules

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

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

OPEB Schedules

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

Changes of benefit terms. The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2022

	Title I Part A	Title II Part A	Title III	Title IV	IDEA Basic	IDEA Preschool	ARP IDEA Basic	ARP IDEA Preschool	ARP ESSER III	CRRSA ESSER II	CRRSA II Learning	CRRSA II Mental	Preschool Expansion Aid	Local Grants	Student Activities	Scholarship Fund	Totals
REVENUES																	
Local Sources														\$ 250	\$ 903	\$ 1	\$ 1,154
State Sources													\$ 1,504,529				1,504,529
Federal Sources	\$ 112,088	\$ 15,151	\$ 197	\$ 14,073	\$ 145,240	\$ 7,999	\$ 25,092	\$ 2,134	\$ 31,439	\$ 421,529	\$ 8,304	\$ 45,000					\$ 828,246
TOTAL REVENUES	112,088	15,151	197	14,073	145,240	7,999	25,092	2,134	31,439	421,529	8,304	45,000	1,504,529	250	903	1	2,333,929
EXPENDITURES:																	
Instruction:																	
Salaries of Teachers	32,000			11,422							8,304		395,655				447,381
Other Salaries for Instruction													276,615				276,615
Purchased Professional and Technical Svc							10,092										10,092
Purchased Professional Educational Services													80,500				80,500
Other Purchased Services							15,000										15,000
Tuition					145,240												145,240
General Supplies	4,188							2,134	31,439				50,444	250			88,455
Total Instruction	36,188			11,422	145,240		25,092	2,134	31,439		8,304		803,214	250			1,063,283
Support Services:																	
Salaries of Supervisors	61,500					7,999							5,000				74,499
Salaries of Program Directors													5,000				5,000
Personal Services - Employee Bene.	14,400												168,540				182,940
Cleaning, Repair, and Maintenance													522,775				522,775
Other Purchased Services				2,651								45,000					47,651
Supplies and Materials		15,151	197														15,348
Student Activities															296		296
Scholarships																	
Total Support Services	75,900	15,151	197	2,651		7,999						45,000	701,315		296		848,509
Facilities Acq. & Construction Svs																	
Buildings										421,529							421,529
Total Facilities & Construction Svs										421,529							421,529
TOTAL EXPENDITURES	112,088	15,151	197	14,073	145,240	7,999	25,092	2,134	31,439	421,529	8,304	45,000	1,504,529	250	296		2,333,321
Total Outflows	\$ 112,088	\$ 15,151	\$ 197	\$ 14,073	\$ 145,240	\$ 7,999	\$ 25,092	\$ 2,134	\$ 31,439	\$ 421,529	\$ 8,304	\$ 45,000	\$ 1,504,529	\$ 250	\$ 296	-	\$ 2,333,321
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	607	1	608
Fund Balance Beginning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,570	6,132	9,702
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance Beginning (Restated)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,570	6,132	9,702
Fund Balance Ending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 4,177	\$ 6,133	\$ 10,310

**Washington Borough School District
Special Revenue Fund
Preschool Education Aid Schedule of Expenditures
Preschool - All Programs
Budgetary Basis
For the Fiscal Year Ended June 30, 2022**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 546,506	\$ (150,851)	\$ 395,655	\$ 395,655	-
Other Salaries for Instruction	376,101	(99,486)	276,615	276,615	-
Purchased Professional Educational Services	45,140	35,360	80,500	80,500	-
General Supplies	60,576	(10,132)	50,444	50,444	-
Total instruction	1,028,323	(225,109)	803,214	803,214	-
Support services:					
Salaries of Supervisors	5,000	-	5,000	5,000	-
Salaries of Program Directors	5,000	-	5,000	5,000	-
Employee Benefits	171,711	(3,171)	168,540	168,540	-
Cleaning, Repair, and Maintenance	400,000	122,775	522,775	522,775	-
Total support services	581,711	119,604	701,315	701,315	-
Total Expenditures	\$ 1,610,034	(105,505)	\$ 1,504,529	\$ 1,504,529	-

CALCULATION OF BUDGET & CARRYOVER

Total 2021-2022 PreK Aid Allocation	\$ 1,504,458
Add: Actual ECPA Carryover June 30, 2021	71
Add: Budgeted Transfer From General Fund	-
Total Funds Available for 2020-2022 Budget	1,504,529
Less: 2021-2022 Budgeted PreK & ECPA (Including prior year budgeted carryover)	\$ (1,504,529)
Available & Unbudgeted Funds as of June 30, 2022	-
Add: June 30, 2022 Unexpended PreK Aid	-
2021-2022 Actual Carryover - PreK Aid	-
2021-2022 PreK Carryover Budgeted in 2022-2023	<u>\$ 71</u>

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

N/A

**PROPRIETARY FUND
DETAIL STATEMENTS**

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

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

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

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

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

N/A

LONG-TERM DEBT SCHEDULES

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS
AS OF ENDED JUNE 30, 2022**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2021</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2022</u>
			<u>DATE</u>	<u>AMOUNT</u>				
School Refunding Bonds Series 2011	12/28/11	\$ 2,885,000	7/15/21	\$ 120,000	3.41% to 4.25%	\$ 120,000	\$ (120,000)	-
School Refunding Bonds Series 2021	4/15/21	\$ 1,655,000	7/15/22	110,000	4.00%	1,655,000		\$ 1,655,000
			7/15/23	110,000				
			7/15/24	120,000				
			7/15/25	125,000				
			7/15/26	130,000				
			7/15/27	135,000				
			7/15/28	140,000				
			7/15/29	145,000				
			7/15/30	150,000				
			7/15/31	155,000				
			7/15/32	165,000				
			7/15/33	170,000				
Total						\$ 1,775,000	\$ (120,000)	\$ 1,655,000

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive/ (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 192,787	-	\$ 192,787	\$ 192,787	
Miscellaneous				-	\$ -
Total - Local Sources	<u>192,787</u>	<u>-</u>	<u>192,787</u>	<u>192,787</u>	<u>-</u>
TOTAL REVENUES	<u>192,787</u>		<u>192,787</u>	<u>192,787</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	72,788		72,788	49,660	(23,128)
Redemption of Principal	120,000		120,000	120,000	
Total Regular Debt Service	<u>192,788</u>		<u>192,788</u>	<u>169,660</u>	<u>(23,128)</u>
TOTAL EXPENDITURES	<u>192,788</u>		<u>192,788</u>	<u>169,660</u>	<u>(23,128)</u>
Excess (Deficiency) of Revenues Over Expenditures	(1)		(1)	23,127	23,128
Fund Balance, July 1	<u>12,262</u>		<u>12,262</u>	<u>12,262</u>	
Fund Balance, June 30	<u>12,261</u>	<u>-</u>	<u>12,261</u>	<u>35,389</u>	<u>23,128</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ 12,261</u>	<u>-</u>	<u>\$ 12,261</u>	<u>\$ 35,389</u>	<u>\$ 23,128</u>

Washington Borough School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	87-92
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	93-96
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	97-100
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	101-102
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	103-107

Sources:

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

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

Exhibit J-1

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Invested in capital assets, net of related debt	\$ (180,457)	\$ (401,058)	\$ (626,659)	\$ (478,510)	\$ (595,552)	\$ (595,552)	\$ (797,058)	\$ (917,547)	\$ (855,113)	\$ (855,113)
Restricted	929,643	862,622	729,162	1,104,167	1,233,143	1,192,447	1,211,531	1,518,145	2,529,888	3,463,479
Unrestricted	(24,640)	(28,318)	(1,643,049)	(1,659,802)	(1,828,789)	(2,061,430)	(1,835,833)	(1,600,951)	(1,908,156)	(1,701,118)
Total governmental activities net position	<u>\$ 724,546</u>	<u>\$ 433,246</u>	<u>\$ (1,540,546)</u>	<u>\$ (1,034,145)</u>	<u>\$ (1,191,198)</u>	<u>\$ (1,464,535)</u>	<u>\$ (1,421,360)</u>	<u>\$ (1,000,353)</u>	<u>\$ (233,381)</u>	<u>\$ 907,248</u>
Business-type activities										
Invested in capital assets, net of related debt								\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	\$ 66,333	\$ 62,828	\$ 71,543	\$ 62,455	\$ 50,319	\$ 51,507	\$ 58,578	\$ 46,160	\$ 49,318	\$ 87,663
Total business-type activities net position	<u>\$ 66,333</u>	<u>\$ 62,828</u>	<u>\$ 71,543</u>	<u>\$ 62,455</u>	<u>\$ 50,319</u>	<u>\$ 51,507</u>	<u>\$ 58,578</u>	<u>\$ 46,160</u>	<u>\$ 49,318</u>	<u>\$ 87,663</u>
District-wide										
Invested in capital assets, net of related debt	\$ (180,457)	\$ (401,058)	\$ (626,659)	\$ (478,510)	\$ (595,552)	\$ (595,552)	\$ (797,058)	\$ (917,547)	\$ (855,113)	\$ (855,113)
Restricted	929,643	862,622	729,162	1,104,167	1,233,143	1,192,447	1,211,531	1,518,145	2,529,888	3,463,479
Unrestricted	41,693	34,510	(1,571,506)	(1,597,347)	(1,778,470)	(2,009,923)	(1,777,255)	(1,554,791)	(1,858,838)	(1,613,455)
Total district net position	<u>\$ 790,879</u>	<u>\$ 496,074</u>	<u>\$ (1,469,003)</u>	<u>\$ (971,690)</u>	<u>\$ (1,140,879)</u>	<u>\$ (1,413,028)</u>	<u>\$ (1,362,782)</u>	<u>\$ (954,193)</u>	<u>\$ (184,063)</u>	<u>\$ 994,911</u>

Source: ACFR Schedule A-1

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

Exhibit J-2

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,231,902	\$ 4,199,465	\$ 4,656,902	\$ 4,572,490	\$ 4,802,697	\$ 5,137,516	\$ 4,652,332	\$ 4,494,342	\$ 5,117,512	\$ 5,023,686
Special education	969,494	1,021,393	1,047,021	1,193,727	1,332,721	1,083,529	1,180,168	1,043,687	1,208,130	956,210
Other special education	347,273	200,665	344,822	273,591	559,298	642,494	583,506	471,267	355,439	328,940
Support Services:										
Tuition	60,104	260,742	334,847	39,886	75,736	249,788	61,465	181,128	35,650	864
Student & instruction related services	1,245,220	1,172,728	1,388,812	1,656,121	2,025,948	2,085,861	1,987,531	1,725,297	2,353,441	2,495,569
General administrative services	508,881	510,034	590,892	598,602	685,239	679,323	613,413	582,136	607,618	546,961
School administrative services	179,272	182,555	208,167	225,061	217,721	261,897	224,149	220,171	230,714	204,649
Business administrative services										
Plant operations and maintenance	671,418	659,959	753,041	814,248	984,812	1,079,309	972,743	1,340,431	1,927,947	1,531,861
Pupil transportation	236,847	255,637	234,473	167,745	184,437	273,593	326,544	174,577	87,760	160,538
Interest on long-term debt	110,694	106,460	104,456	102,361	100,165	97,964	94,566	91,259	96,494	33,548
Unallocated depreciation	32,560	32,560	32,560	22,704	22,704	23,049	23,049	23,049	22,257	21,764
Total governmental activities expenses	<u>8,593,665</u>	<u>8,602,198</u>	<u>9,695,993</u>	<u>9,666,536</u>	<u>10,991,478</u>	<u>11,614,323</u>	<u>10,719,466</u>	<u>10,347,344</u>	<u>12,042,962</u>	<u>11,304,590</u>
Business-type activities:										
Food service	173,317	199,082	200,158	220,553	212,774	181,952	180,856	145,642	206,019	352,727
Total business-type activities expense	<u>173,317</u>	<u>199,082</u>	<u>200,158</u>	<u>220,553</u>	<u>212,774</u>	<u>181,952</u>	<u>180,856</u>	<u>145,642</u>	<u>206,019</u>	<u>352,727</u>
Total district expenses	<u>\$ 8,766,982</u>	<u>\$ 8,801,280</u>	<u>\$ 9,896,151</u>	<u>\$ 9,887,089</u>	<u>\$ 11,204,252</u>	<u>\$ 11,796,275</u>	<u>\$ 10,900,322</u>	<u>\$ 10,492,986</u>	<u>\$ 12,248,981</u>	<u>\$ 11,657,317</u>
Program Revenues										
Governmental activities:										
Charges for services	28720	10251	20500	33392	\$ 24,439	\$ 41,129	\$ 45,325	\$ 48,467	\$ 5,000	\$ 903
Operating grants and contributions	\$ 3,822,675	\$ 3,742,773	\$ 4,691,883	\$ 5,116,179	5,910,992	6,329,762	5,459,157	5,350,063	7,336,539	6,979,202
Capital grants and contributions										
Total governmental activities program revenues	<u>3,851,395</u>	<u>3,753,024</u>	<u>4,712,383</u>	<u>5,149,571</u>	<u>5,935,431</u>	<u>6,370,891</u>	<u>5,504,482</u>	<u>5,398,530</u>	<u>7,341,539</u>	<u>6,980,105</u>
Business-type activities:										
Charges for services										
Food service	73,327	76,221	82,831	79,537	74,113	72,297	67,577	47,229	237	-
Operating grants and contributions	103,959	119,356	126,042	131,928	126,525	110,843	120,350	85,995	208,940	391,072
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>177,286</u>	<u>195,577</u>	<u>208,873</u>	<u>211,465</u>	<u>200,638</u>	<u>183,140</u>	<u>187,927</u>	<u>133,224</u>	<u>209,177</u>	<u>391,072</u>
Total district program revenues	<u>\$ 4,028,681</u>	<u>\$ 3,948,601</u>	<u>\$ 4,921,256</u>	<u>\$ 5,361,036</u>	<u>\$ 6,136,069</u>	<u>\$ 6,554,031</u>	<u>\$ 5,692,409</u>	<u>\$ 5,531,754</u>	<u>\$ 7,550,716</u>	<u>\$ 7,371,177</u>

-Continued-

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

Exhibit J-2

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue										
Governmental activities	\$ (4,742,270)	\$ (4,849,174)	\$ (4,983,610)	\$ (4,516,965)	\$ (5,056,047)	\$ (5,243,432)	\$ (5,214,984)	\$ (4,948,814)	\$ (4,701,423)	\$ (4,324,485)
Business-type activities	3,969	(3,505)	8,715	(9,088)	(12,136)	1,188	7,071	(12,418)	3,158	38,345
Total district-wide net expense	<u>\$ (4,738,301)</u>	<u>\$ (4,852,679)</u>	<u>\$ (4,974,895)</u>	<u>\$ (4,526,053)</u>	<u>\$ (5,068,183)</u>	<u>\$ (5,242,244)</u>	<u>\$ (5,207,913)</u>	<u>\$ (4,961,232)</u>	<u>\$ (4,698,265)</u>	<u>\$ (4,286,140)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 4,062,649	\$ 4,291,193	\$ 4,377,018	\$ 4,464,558	\$ 4,703,849	\$ 4,797,926	\$ 5,054,235	\$ 5,155,320	\$ 5,258,426	\$ 5,258,426
Taxes levied for debt service	200,074	183,399	192,888	195,836	191,499	166,488	198,663	190,288	191,911	192,787
Unrestricted grants and contributions										
Investment earnings	1,130	854	593	776	912	5,548	5,261	6,080	5,479	525
Miscellaneous income	45,114	82,428	3,809	92,005	2,734	133	-	5,546	12,579	13,376
Transfers										
Total governmental activities	<u>4,308,967</u>	<u>4,557,874</u>	<u>4,574,308</u>	<u>4,753,175</u>	<u>4,898,994</u>	<u>4,970,095</u>	<u>5,258,159</u>	<u>5,357,234</u>	<u>5,468,395</u>	<u>5,465,114</u>
Business-type activities:										
Miscellaneous income	-	-	-	-	-	-	-	-	-	-
Transfers										
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 4,308,967</u>	<u>\$ 4,557,874</u>	<u>\$ 4,574,308</u>	<u>\$ 4,753,175</u>	<u>\$ 4,898,994</u>	<u>\$ 4,970,095</u>	<u>\$ 5,258,159</u>	<u>\$ 5,357,234</u>	<u>\$ 5,468,395</u>	<u>\$ 5,465,114</u>
Change in Net Position										
Governmental activities	\$ (433,303)	\$ (291,300)	\$ (409,302)	\$ 236,210	\$ (157,053)	\$ (273,337)	\$ 43,175	\$ 408,420	\$ 766,972	\$ 1,140,629
Business-type activities	3,969	(3,505)	8,715	(9,088)	(12,136)	1,188	7,071	(12,418)	3,158	38,345
Total district	<u>\$ (429,334)</u>	<u>\$ (294,805)</u>	<u>\$ (400,587)</u>	<u>\$ 227,122</u>	<u>\$ (169,189)</u>	<u>\$ (272,149)</u>	<u>\$ 50,246</u>	<u>\$ 396,002</u>	<u>\$ 770,130</u>	<u>\$ 1,178,974</u>

Source: ACFR Schedule A-2

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

Exhibit J-3

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Reserved	\$ 960,694	\$ 905,058	\$ 758,172	\$ 1,163,596	\$ 1,356,606	\$ 1,297,856	\$ 1,537,787	\$ 2,122,811	\$ 2,997,989	\$ 3,917,274
Unreserved	(3,237)	(2,724)	(1,401)	(20,573)	(20,510)	(14,750)	(26,635)	(46,365)	(9,004)	(23,206)
Total general fund	<u>\$ 957,457</u>	<u>\$ 902,334</u>	<u>\$ 756,771</u>	<u>\$ 1,143,023</u>	<u>\$ 1,336,096</u>	<u>\$ 1,283,106</u>	<u>\$ 1,511,152</u>	<u>\$ 2,076,446</u>	<u>\$ 2,988,985</u>	<u>\$ 3,894,068</u>
All Other Governmental Funds										
Reserved								\$ 12,587	\$ 9,702	\$ 10,310
Unreserved, reported in:										
Special revenue fund							\$ (24,979)	(42,108)	(128,476)	(150,446)
Capital projects fund										
Debt service fund	16,540	\$ 2	\$ 2	\$ 37,190	\$ 30,001	\$ 1	2	3	12,262	35,389
Total all other governmental funds	<u>16,540</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 37,190</u>	<u>\$ 30,001</u>	<u>\$ 1</u>	<u>\$ (24,977)</u>	<u>\$ (29,518)</u>	<u>\$ (106,512)</u>	<u>\$ (104,747)</u>

Source: ACFR Schedule B-1

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

Exhibit J-4

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues										
Tax levy	\$ 4,262,723	\$ 4,474,592	\$ 4,569,906	\$ 4,660,394	\$ 4,895,348	\$ 4,964,414	\$ 5,252,898	\$ 5,345,608	\$ 5,450,337	\$ 5,451,213
Interest earnings										
Miscellaneous	74,964	93,533	24,902	126,173	28,085	46,810	50,586	60,093	23,058	14,804
State sources	3,505,849	3,458,277	3,563,676	3,697,234	3,795,273	3,944,314	4,310,648	4,736,820	5,565,148	6,763,719
Federal sources	316,826	284,496	290,456	310,144	274,904	344,099	308,912	332,326	493,908	452,310
Total revenue	8,160,362	8,310,898	8,448,940	8,793,945	8,993,610	9,299,637	9,923,044	10,474,847	11,532,451	12,682,046
Expenditures										
Instruction										
Regular Instruction	2,781,254	2,775,343	2,779,655	2,648,219	2,504,813	2,698,149	2,698,413	2,755,047	3,007,889	3,404,740
Special education instruction	706,379	746,292	688,101	744,709	751,774	611,231	736,478	686,224	756,616	685,343
Other special instruction	253,025	146,618	227,519	170,680	315,494	363,371	364,459	310,640	222,827	235,761
Other instruction										
Support Services:										
Tuition	43,792	190,514	220,937	24,883	42,722	141,271	38,391	119,392	22,349	619
Student & instruction related services	907,275	856,866	916,360	1,033,174	1,142,816	1,179,686	1,241,415	1,137,245	1,475,386	1,788,646
School administrative services	130,619	133,386	137,352	140,405	122,814	148,119	140,004	145,128	144,636	146,678
Other administrative services	370,774	372,662	389,880	373,439	386,536	384,200	383,139	383,720	380,919	392,023
Plant operations and maintenance	489,199	482,206	496,868	507,970	555,522	610,417	607,577	883,557	1,208,641	1,097,929
Pupil transportation	172,568	186,784	154,709	104,648	104,039	154,734	203,960	115,074	55,017	115,062
Unallocated employee benefits	2,281,687	2,258,878	2,374,516	2,414,055	2,622,954	2,833,958	3,021,133	3,116,450	3,194,328	3,648,680
Transfer to Charter School	8,702	20,588	493	-	47,069	12,473	73,203	69,700	23,132	39,962
Special Revenue										
Capital Outlay	21,580	12,485	15,225	12,485	12,485	48,530	13,142	14,217	13,253	50,095
Debt service:										
Principal	145,000	105,000	100,000	105,000	110,000	110,000	115,000	110,000	115,000	120,000
Interest and other charges	103,068	94,937	92,888	90,838	88,688	86,488	83,662	80,287	76,913	49,660
Total expenditures	8,414,922	8,382,559	8,594,503	8,370,505	8,807,726	9,382,627	9,719,976	9,926,681	10,696,906	11,775,198
Excess (Deficiency) of revenues over (under) expenditures	(254,560)	(71,661)	(145,563)	423,440	185,884	(82,990)	203,068	548,166	835,545	906,848
Other Financing Sources (uses)										
Bond proceeds										
Accrued interest										
Transfers in			-	-	-	-	-	-	-	-
Transfers out			-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (254,560)	\$ (71,661)	\$ (145,563)	\$ 423,440	\$ 185,884	\$ (82,990)	\$ 203,068	\$ 548,166	\$ 835,545	\$ 906,848
Debt service as a percentage of noncapital expenditures	3.0%	2.4%	2.2%	2.3%	2.3%	2.1%	2.0%	1.9%	1.8%	1.4%

Source: ACFR Schedule B-2

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Other</u> <u>State</u> <u>Aid</u>	<u>Miscellaneous</u>	<u>Total</u>
2013	\$ 1,130		\$ 5,916	\$ 41,124	\$ (1,926)	\$ 46,244
2014	854	10,086	10,251	63,247	9,095	93,533
2015	593	881	20,500		2,928	24,902
2016	776	7,348	33,392	47,662	1,202	90,380
2017	912		24,439		2,734	28,085
2018	5,548		41,129		133	46,810
2019	5,261		45,325		-	50,586
2020	6,080		48,467		5,546	60,093
2021	5,479		-		313	5,792
2022	525		-		13,237	13,762

SOURCE: District Records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2013	\$5,303,400	\$278,655,460	\$437,600	\$5,300	\$46,893,500	\$16,323,400	\$21,890,900	\$403,100,524	\$31,331,625	\$2,259,339	\$371,768,899	\$1.206	\$521,268,396
2014	3,861,800	283,660,960	437,600	5,300	45,295,800	16,323,400	19,350,900	401,645,750	30,736,425	1,973,565	370,909,325	1.227	475,996,770
2015	3,519,500	285,790,960	437,600	5,300	45,255,400	16,323,400	19,350,900	404,384,507	31,893,625	1,807,822	372,490,882	1.255	463,639,899
2016	2,340,900	290,037,560	0	10,100	43,632,300	14,766,600	18,450,900	405,151,573	33,944,425	1,968,788	371,207,148	1.329	443,330,536
2017	1,792,100	287,893,160	437,600	10,100	44,069,600	13,894,600	18,389,700	401,702,392	33,266,625	1,948,907	368,435,767	1.349	441,651,116
2018	1,338,300	288,717,900	437,600	10,100	43,451,500	13,714,300	18,773,700	401,741,096	33,421,225	1,876,471	368,319,871	1.433	457,795,613
2019	1,773,000	288,213,500	437,600	10,100	42,956,700	12,327,300	19,077,700	399,052,972	32,402,625	1,854,447	366,650,347	1.433	463,852,200
2020	1,493,000	288,856,300	437,600	10,100	43,863,300	12,327,300	19,461,700	398,382,625	31,933,325	-	366,449,300	1.489	456,250,143
2021	1,568,200	289,085,200	437,600	5,300	43,909,900	11,677,300	19,461,700	398,206,225	32,061,025	-	366,145,200	1.487	447,698,821
2022	1,697,300	288,863,272	437,600	3,700	44,349,900	11,622,300	19,525,700	398,141,797	31,642,025	-	366,499,772	1.487	452,498,068

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Washington Borough Board of Education			Warren Hills Regional School District	Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct		Washington Borough	Warren County	
2013	\$1.093	\$0.054	\$1.147	\$1.098	\$1.495	\$0.859	\$4.599
2014	\$1.157	\$0.049	\$1.206	\$1.094	\$1.475	\$0.850	\$4.625
2015	\$1.175	\$0.052	\$1.227	\$1.123	\$1.455	\$0.890	\$4.695
2016	\$1.192	\$0.063	\$1.255	\$1.077	\$1.460	\$0.864	\$4.656
2017	\$1.277	\$0.052	\$1.329	\$1.154	\$1.471	\$0.845	\$4.799
2018	\$1.304	\$0.045	\$1.349	\$1.251	\$1.491	\$0.883	\$4.974
2019	\$1.379	\$0.054	\$1.433	\$1.357	\$1.538	\$0.858	\$5.186
2020	\$1.407	\$0.052	\$1.459	\$1.329	\$1.539	\$0.829	\$5.156
2021	\$1.433	\$0.056	\$1.489	\$1.337	\$1.539	\$0.796	\$5.161
2022	\$1.434	\$0.053	\$1.487	\$1.313	\$1.439	\$0.801	\$5.040

Source: District Records and Municipal Tax Collector

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

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

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

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

Exhibit J-8

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Warren Washington Assn.	\$ 5,500,000	1	1.50%	\$ 5,800,000	2	2.04%
BASF Corporation	4,722,000	2	1.29%	4,114,400	3	1.43%
Twist Beauty Packaging	4,052,900	3	1.11%			
Washington Plaza Assoc.	3,400,000	4	0.93%			1.08%
Bell Atlantic	3,266,765	5	0.89%	1,499,500	5	
Washington Gardens LOC	2,950,000	6	0.80%	1,700,000	7	0.59%
Washington Heights, LLC	2,000,000	7	0.55%	3,438,100	4	0.54%
Individual Taxpayer #1	1,939,800	8	0.53%	1,547,000	8	1.20%
Midtown/Limited, Inc.	1,755,200	9	0.48%			
Rural Housing Service (Westgate Apts)	1,740,000	10	0.47%			
American National Can Co.				6,060,000	1	2.11%
Total	\$ 31,326,665		8.55%	\$ 24,159,000		8.99%

Washington Gardens LOC

Source: District ACFR & Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$4,062,649	\$4,062,649	100.00%	-
2014	\$4,291,193	\$4,291,193	100.00%	-
2015	\$4,377,018	\$4,377,018	100.00%	-
2016	\$4,464,558	\$4,464,558	100.00%	-
2017	\$4,703,849	\$4,703,849	100.00%	-
2018	\$4,797,926	\$4,797,926	100.00%	-
2019	\$5,054,235	\$5,054,235	100.00%	-
2020	\$5,155,320	\$5,155,320	100.00%	-
2021	\$5,258,426	\$5,258,426	100.00%	-
2022	\$5,258,426	\$5,258,426	100.00%	-

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

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2013	\$ 2,815,000	-0-	-0-	-0-	-0-	\$ 2,815,000	0.90%	\$435.96	
2014	\$ 2,710,000	-0-	-0-	-0-	-0-	\$ 2,710,000	0.86%	\$416.92	
2015	\$ 2,610,000	-0-	-0-	-0-	-0-	\$ 2,610,000	0.83%	\$401.66	
2016	\$ 2,505,000	-0-	-0-	-0-	-0-	\$ 2,505,000	0.76%	\$385.86	
2017	\$ 2,395,000	-0-	-0-	-0-	-0-	\$ 2,395,000	0.72%	\$368.92	
2018	\$ 2,285,000	-0-	-0-	-0-	-0-	\$ 2,285,000	0.68%	\$350.25	
2019	\$ 2,170,000	-0-	-0-	-0-	-0-	\$ 2,170,000	0.63%	\$336.33	
2020	\$ 2,060,000	-0-	-0-	-0-	-0-	\$ 2,060,000	0.57%	\$319.38	
2021	\$ 1,775,000	-0-	-0-	-0-	-0-	\$ 1,775,000	0.48%	\$274.81	
2022	\$ 1,655,000	-0-	-0-	-0-	-0-	\$ 1,655,000	0.37%	\$226.28	

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

* Current data unavailable

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

Exhibit J-11

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2013	\$ 2,815,000	-0-	\$ 2,815,000	0.76%	\$ 436
2014	\$ 2,710,000	-0-	\$ 2,710,000	0.73%	\$ 417
2015	\$ 2,610,000	-0-	\$ 2,610,000	0.70%	\$ 402
2016	\$ 2,505,000	-0-	\$ 2,505,000	0.67%	\$ 386
2017	\$ 2,395,000	-0-	\$ 2,395,000	0.65%	\$ 369
2018	\$ 2,285,000	-0-	\$ 2,285,000	0.62%	\$ 350
2019	\$ 2,170,000	-0-	\$ 2,170,000	0.59%	\$ 336
2020	\$ 2,060,000	-0-	\$ 2,060,000	0.56%	\$ 319
2021	\$ 1,775,000	-0-	\$ 1,775,000	0.48%	\$ 275
2022	\$ 1,655,000	-0-	\$ 1,655,000	0.45%	\$ 226

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

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

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

* Current data unavailable

**Washington Borough School District
 Ratios of Overlapping Governmental Activities Debt
 As of June 30, 2022**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Washington	\$ 5,748,727	100.000%	\$ 5,748,727
Other debt			
Warren County	1,305,000	3.985%	<u>52,003</u>
Subtotal, overlapping debt			5,800,730
Washington Borough School District Direct Debt			<u>1,655,000</u>
Total direct and overlapping debt			<u><u>\$ 7,455,730</u></u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized valuation basis
	2019 \$ 445,152,211
	2020 449,202,797
	2021 503,710,517
	[A] \$ <u>1,398,065,525</u>
Average equalized valuation of taxable property	[A/3] \$ 466,021,842
Debt limit (2.5% of average equalization value)	[B] 20,970,983
Net bonded school debt	[C] 1,655,000
Legal debt margin	[B-C] \$ <u>19,315,983</u>

	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt limit	\$13,006,676	\$12,026,816	\$11,393,914	\$11,134,004	\$11,105,961	\$11,282,425	\$11,377,200	\$11,312,166	\$20,184,175	\$20,970,983
Total net debt applicable to limit	<u>2,815,000</u>	<u>2,710,000</u>	<u>2,610,000</u>	<u>2,505,000</u>	<u>2,395,000</u>	<u>2,285,000</u>	<u>2,170,000</u>	<u>2,060,000</u>	<u>1,775,000</u>	<u>1,655,000</u>
Legal debt margin	<u>\$10,191,676</u>	<u>\$9,316,816</u>	<u>\$8,783,914</u>	<u>\$8,629,004</u>	<u>\$8,710,961</u>	<u>\$8,997,425</u>	<u>\$9,207,200</u>	<u>\$9,252,166</u>	<u>\$18,409,175</u>	<u>\$19,315,983</u>
Total net debt applicable to the limit as a percentage of debt limit	21.64%	22.53%	22.91%	22.50%	21.56%	20.25%	19.07%	18.21%	8.79%	7.89%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2013	6,501	\$ 300,218,215	\$47,223 R	6.1%
2014	6,512	\$ 314,100,765	\$48,887 R	6.4%
2015	6,552	\$ 316,192,500	\$50,741 R	5.7%
2016	6,534	\$ 316,095,210	\$51,503 R	5.3%
2017	6,498	\$ 330,455,784	\$53,149 R	5.2%
2018	6,496	\$ 335,685,896	\$54,973 R	4.7%
2019	6,486	\$ 345,382,012	\$56,956 R	4.2%
2020	6,460	\$ 361,574,100	\$60,525 R	10.5%
2021	6,459	\$ 373,678,986	\$60,525 *	6.2%
2022	7,314	\$ 442,679,850	\$60,525 *	*

Source:

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

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by US Dept of Commerce

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

P =Projected

R =Revised * Current data unavailable

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

Exhibit J-15
N/A

Employer	2022			2013		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

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

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

Exhibit J-16

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	37.8	38.6	38.6	37.0	37.0	37.0	39.0	39.5	35.5	34.6
Special education	11.0	12.5	12.5	12.0	12.0	12.0	12.0	10.0	10.0	7.0
Other special education	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	9.0
Other instruction	10.0	10.0	10.0	10.0	10.0	10.0	11.5	18.0	23.0	13.5
Support Services:										
Tuition										
Student & instruction related services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	8.0
General administrative services	5.0	5.0	5.0	5.0	5.0	4.0	4.0	5.0	4.0	2.0
School administrative services	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Central services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
Plant operations and maintenance	5.0	5.0	5.0	5.0	4.0	6.0	6.0	6.0	5.0	6.0
Special Schools										
Total	<u>77.8</u>	<u>79.1</u>	<u>79.1</u>	<u>77.0</u>	<u>76.0</u>	<u>78.0</u>	<u>81.5</u>	<u>87.5</u>	<u>86.5</u>	<u>85.1</u>

Source: District Personnel Records

Washington Borough School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2013	555	\$8,136,572	\$ 14,660	10.45%	55	10.1:1		543.3	515.5	-2.32%	94.88%
2014	560	\$8,149,549	\$ 14,553	-0.73%	56	10.0:1		550.8	525.8	1.38%	95.47%
2015	577	\$8,385,897	\$ 14,534	-0.13%	56	9.7:1		566.2	536.6	2.80%	94.77%
2016	548	\$8,162,182	\$ 14,894	2.48%	56	9.8:1		548.3	520.4	-3.16%	94.91%
2017	502	\$8,549,484	\$ 17,031	14.34%	56	9.0:1		505.0	479.4	-7.90%	94.92%
2018	476	\$9,125,136	\$ 19,170	12.56%	56	8.5:1		474.4	451.6	-6.06%	95.19%
2019	493	\$9,434,969	\$ 19,138	-0.17%	55	8.9:1		488.6	462.0	2.99%	94.55%
2020	495	\$9,652,477	\$ 19,500	1.89%	54	9.2:1		487.2	463.2	-0.29%	95.07%
2021	501	\$10,468,608	\$ 20,895	7.16%	56	8.9:1		503.9	471.2	3.42%	93.51%
2022	508	\$11,515,481	\$ 22,668	8.48%	56	8.9:1		512.6	453.8	1.73%	88.53%

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

Note: Enrollment based on annual October district count.

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

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

Exhibit J-18

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>District Building</u>										
<u>Elementary</u>										
Taylor School										
Square Feet	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512
Capacity (students)	268	268	268	268	268	268	268	268	268	268
Enrollment	248	249	262	236	201	185	200	226	190	203
Memorial School										
Square Feet	48,708	48,708	48,708	48,708	48,708	48,708	48,708	48,708	48,708	48,708
Capacity (students)	358	358	358	358	358	358	358	358	358	358
Enrollment ^a	302	311	315	313	301	291	293	269	311	305
Total Enrollment	550	560	577	549	502	476	493	495	501	508

Nun

7 **Source:** District records, ASSA

Elementary = 2

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

WASHINGTON BOROUGH SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 Last Ten Fiscal Years Ending June 30, 2022

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
Washington Memorial School	055	\$74,969	\$50,202	\$50,478	\$48,084	\$42,952	\$63,003	\$33,774	\$130,619	\$320,814	\$190,015	\$1,004,910
Taylor Street School	060	78,655	52,671	52,960	50,448	45,064	66,102	35,435	137,043	336,592	199,360	1,054,330
Total School Facilities		153,624	102,873	103,438	98,532	88,016	129,105	69,209	267,662	657,406	389,375	2,059,240
Other Facilities												
Grand Total		\$153,624	\$102,873	\$103,438	\$98,532	\$88,016	\$129,105	\$69,209	\$267,662	\$657,406	\$389,375	\$2,059,240

WASHINGTON BOROUGH SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2022

UNAUDITED

Exhibit J-20

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

SOURCE: District Records

Single Audit Section



ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, PSA

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington Borough School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Washington Borough School District Board of Education's basic financial statements, and have issued our report thereon dated January 20, 2023.

Internal Control Over Financial Reporting

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

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

-Continued-

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

Compliance and Other Matters

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

Purpose of this Report

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

Ardito & Company LLC

ARDITO & COMPANY LLC

January 20, 2023

Anthony Ardito

Anthony Ardito

Licensed Public School Accountant No. 2369



ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB circular 15-08

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Washington Borough School District Board of Education's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2022. The Washington Borough School District Board of Education'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 Washington Borough School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major 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; and 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); the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance, and New Jersey OMB Circular 15-08 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 Washington Borough School District Board of Education, 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Washington Borough School District Board of Education's compliance with the compliance requirements referred to above.

-Continued-

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 New Jersey OMB Circular 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 New Jersey OMB Circular 15-08, 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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of 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 program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 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.

-Continued-

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.

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 Uniform Guidance and New Jersey OMB circular 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 20, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 20, 2023

WASHINGTON BOROUGH SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Financial Assistance
for the Fiscal Year ended June 30, 2022

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2021	Carryover/ Walkover Amount	Cash Received	Budget Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2022			Cumulative Total Expenditures	
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education Passed-through																	
State Department of Education:																	
General Fund:																	
Medical Assistance Program (SEMI)	93.778	2105NJ5MAP	N/A	\$ 8,403	7/1/21	6/30/22	-	\$ 8,403	\$ (8,403)								\$ 8,403
Total General Fund							-	8,403	(8,403)								8,403
U.S. Department of Education Passed-through																	
State Department of Education:																	
Special Revenue Fund:																	
Title I	84.010	S010A210030	N/A	112,088	7/1/21	6/30/22	\$ (104,757)		216,423	(112,088)		\$ (422)					112,088
Title I Cluster							(104,757)	-	216,423	(112,088)	-	-	(422)	-	-	-	112,088
Title II Part A	84.367A	S367A210029	N/A	15,151	7/1/21	6/30/22	-		15,151	(15,151)							15,151
Title III	84.365A	S365A210030	N/A	197	7/1/21	6/30/22	-		-	(197)			(197)				197
Title IV	84.424A	S424A200031	N/A	10,000	7/1/20	6/30/21	-		7,671	(7,671)							10,000
Title IV	84.424A	S424A210031	N/A	10,000	7/1/21	6/30/22	-		6,402	(6,402)			(3,598)	\$ 3,598			10,000
I.D.E.A. Part B, Basic Regular	84.027A	H027A210100	FT279019	145,240	7/1/21	6/30/22	-		139,795	(145,240)			(5,445)				145,240
I.D.E.A. Part B, Basic Preschool	84.173A	H173A210114	FT279019	7,999	7/1/21	6/30/22	-		7,999	(7,999)							7,999
American Rescue Plan-IDEA Basic	84.027X	H027X210100	ARP IDEA	25,092	3/13/20	9/30/24	-		25,092	(25,092)							25,092
American Rescue Plan-IDEA Preschool	84.173X	H173X210114	ARP IDEA PS	2,134	3/13/20	9/30/24	-		2,134	(2,134)							2,134
Special Education Cluster							-	-	175,020	(180,465)	-	-	(5,445)	-	-	-	180,465
American Rescue Plan-ESSER III	84.425U	S425U210027	ARP	971,625	3/13/20	9/30/24	-		-	(31,439)			(971,625)	940,186			31,439
American Rescue Plan-Accel. Learn. Coaching & Ed. Support	84.425U	S425U210027	ARP	50,000	3/13/20	9/30/24	-		-	-			(50,000)	50,000			
American Rescue Plan-Evidence Based Summer Learning	84.425U	S425U210027	ARP	40,000	3/13/20	9/30/24	-		-	-			(40,000)	40,000			
American Rescue Plan-Evidence Based Beyond the Sch. Day	84.425U	S425U210027	ARP	40,000	3/13/20	9/30/24	-		-	-			(40,000)	40,000			
American Rescue Plan-NJTSS Mental Health Support Staffing	84.425U	S425U210027	ARP	45,000	3/13/20	9/30/24	-		-	-			(45,000)	45,000			
CRRSA - ESSER II	84.425D	S425D210027	CRRSA	432,326	3/13/20	9/30/23	-		37,610	(421,529)			(394,716)	10,797			421,529
CRRSA - Learning	84.425D	S425D210027	CRRSA	27,744	3/13/20	9/30/23	-		8,248	(8,304)			(19,496)	19,440			8,304
CRRSA - Mental Health	84.425D	S425D210027	CRRSA	45,000	3/13/20	9/30/23	-		45,000	(45,000)			-	-			45,000
Total Education Stabilization Fund							-	-	90,858	(506,272)	-	-	(1,560,837)	1,145,423			506,272
Total Special Revenue Fund							(104,757)	-	511,525	(828,246)	-	-	(1,570,499)	1,149,021	-	-	834,173
State Department of Agriculture																	
Enterprise Fund:																	
Child Nutrition Cluster:																	
National School Lunch Program (Food Distribution)	10.555	211NJ304N1099	N/A		7/1/20	6/30/21	1,564			(1,564)							1,564
National School Lunch Program (Food Distribution)	10.555	211NJ304N1099	N/A	12,486	7/1/21	6/30/22			12,486	(11,580)				906			11,580
School Breakfast Program	10.553	211NJ304N1099	N/A		7/1/20	6/30/21	(4,249)		4,249								
School Breakfast Program	10.553	211NJ304N1099	N/A	96,964	7/1/21	6/30/22			91,387	(96,964)			(5,577)				96,964
National School Lunch Program	10.555	211NJ304N1099	N/A		7/1/20	6/30/21	(6,730)		6,730								
National School Lunch Program	10.555	211NJ304N1099	N/A	273,713	7/1/21	6/30/22			260,249	(273,713)			(13,464)				273,713
Total Child Nutrition Cluster							(9,415)	-	375,101	(383,821)	-	-	(19,041)	906	-	-	383,821
P-EBT Administrative Cost	10.649	2022225900941	N/A	1,242	7/1/21	6/30/22			1,242	(1,242)							1,242
Total Enterprise Fund							(9,415)	-	376,343	(385,063)	-	-	(19,041)	906	-	-	385,063
TOTAL FEDERAL ASSISTANCE							\$ (114,172)	-	\$ 896,271	\$ (1,221,712)	-	-	\$ (1,589,540)	\$ 1,149,927	-	-	\$ 1,227,639

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

WASHINGTON BOROUGH SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2022

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2021	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2022			MEMO		
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education													*		
General Fund:													*		
Equalization Aid	22-495-034-5122-078	7/1/21-6/30/22	\$ 2,915,867			\$ 2,915,867	\$ (2,915,867)							\$ 290,495	\$ 2,915,867
Transportion Aid	22-495-034-5122-014	7/1/21-6/30/22	27,569			27,569	(27,569)							2,747	27,569
Special Education Aid	22-495-034-5122-089	7/1/21-6/30/22	295,505			295,505	(295,505)							29,440	295,505
Security Aid	22-495-034-5122-084	7/1/21-6/30/22	96,092			96,092	(96,092)							9,573	96,092
Non-Public Transportation Aid	22-100-034-5122-068	7/1/21-6/30/22	1,450				(1,450)		\$ (1,450)						1,450
Non-Public Transportation Aid	21-100-034-5122-068	7/1/20-6/30/21	2,030			2,030	(2,030)								2,030
On Behalf TPAF Pension	22-495-034-5094-002	7/1/21-6/30/22	1,418,965			1,418,965	(1,418,965)								1,418,965
On Behalf TPAF Pension PRM	22-495-034-5094-001	7/1/21-6/30/22	331,528			331,528	(331,528)								331,528
On Behalf TPAF Pension LTD Ins	22-495-034-5094-004	7/1/21-6/30/22	644			644	(644)								644
Reimbursed TPAF Soc. Secur. Contrib.	22-495-034-5094-003	7/1/21-6/30/22	268,543			255,129	(268,543)			(13,414)					268,543
Total General Fund				-		5,343,329	(5,358,193)			(14,864)				332,255	5,358,193
Special Revenue Fund:													*		
Preschool Education Expansion Aid	22-495-034-5122-086	7/1/21-6/30/22	1,504,458	\$ 71		1,504,458	(1,504,529)			-				150,446	1,504,529
Total Special Revenue Fund				71		1,504,458	(1,504,529)			-		-		150,446	1,504,529
State Department of Agriculture													*		
Enterprise Fund:													*		
Nat. School Lunch Prog.(State Share)	21-100-010-3350-023	7/1/20-6/30/21		(480)		480									
Nat. School Lunch Prog.(State Share)	22-100-010-3350-023	7/1/21-6/30/22	6,009			5,699	(6,009)			\$ (310)					6,009
Total Enterprise Fund				(480)		6,179	(6,009)			(310)					6,009
Total State Financial Assistance				\$ (409)	-	\$ 6,853,966	\$ (6,868,731)	-	-	\$ (15,174)	\$ -	-		\$ 482,701	\$ 6,868,731
<u>Less: On-behalf TPAF Pension Amounts</u>															
On Behalf TPAF Pension	22-495-034-5094-002						1,418,965								
On Behalf TPAF Pension PRM	22-495-034-5094-001						331,528								
On Behalf TPAF Pension LTD Ins	22-495-034-5094-004						644								
Total State Expenditures Subject to Major Program Determination							\$ (5,117,594)								

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2022

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$24,057) for the general fund and (\$437,427) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2022

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 8,403	\$ 5,334,136	\$ 5,342,539
Special Revenue Fund	443,907	1,429,583	1,873,490
Food Service Fund	<u>385,063</u>	<u>6,009</u>	<u>391,072</u>
Total Financial Assistance	<u>\$ 837,373</u>	<u>\$ 6,769,728</u>	<u>\$ 7,607,101</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2022. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2022.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Reported

Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>American Rescue Plan (Education Stabilization Fund)</u>
<u>84.425D</u>	<u>S425D210027</u>	<u>CRRSA (Education Stabilization Fund)</u>

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

Auditee qualified as low-risk auditee? ___ Yes x No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? x_yes_ _no

Internal Control over major programs:

1) Material weakness(es) identified? _yes_ _x_ _no

2) Were significant deficiencies identified that were not considered to be material weaknesses? _yes_ _x_ _none

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

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

Identification of major programs:

State Grant/Project Number(s)

22-495-034-5120-086

22-495-034-5094-003

Name of State Program

Preschool Education Expansion Aid

Reimbursed TPAF Soc. Secur. Contrib.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section II-Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

Financial Statement N/A

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and NJOMB Circular Letter 15-08, as applicable.

Federal Awards N/A

State Awards N/A

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

N/A

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