

**READINGTON TOWNSHIP
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2023

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



**READINGTON TOWNSHIP
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

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

November 21, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Readington Township Public School District for the fiscal year ended June 30, 2023 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Management of the Board of Education. To the best of our knowledge and belief, the data presented in the auditor's report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular, as well as special education (pre-school through 8th grade) handicapped youngsters. The District completed the 2022-2023 fiscal year with an in-district enrollment of 1,426 students, which is 1.7% below the previous year's enrollment. The increase is primarily the result of student reenrollment due to homeschooling purposes due to the impact of COVID-19 the prior year. The following chart details the

changes in the student enrollment of the District for the past ten fiscal years. These figures do not include those students sent out of district for special education placements.

Fiscal Year	Enrollment in District	% Change
2013-2014	1778	-4.8%
2014-2015	1752	-1.5%
2015-2016	1695	-3.2%
2016-2017	1620	-4.4%
2017-2018	1528	-6.0%
2018-2019	1509	-1.2%
2019-2020	1490	-1.3%
2020-2021	1431	-4.0%
2021-2022	1451	+1.4%
2022-2023	1426	-1.7%

2. ECONOMIC CONDITION AND OUTLOOK:

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

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

3. MAJOR INITIATIVES:

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

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

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

- **Inquisitive Learning:** Create and establish an inquiry-based framework that values an interest-driven learning environment. Learners will, individually and collaboratively, focus on identifying, analyzing, and solving problems as inquisitive members of their community.

- **Social Awareness:** Our learners will feel connected, valued, and secure in a learning environment cultivated by a shared sense of community. Every individual will develop skills that promote an awareness of self and others, including the ability to understand the impact of their decisions.
- **Partnerships:** Establish partnerships that foster meaningful educational opportunities on local, regional, and global scales. Prepare all learners to become engaged and productive citizens through service to others, collaboration, and real-world connections.

In addition to furthering the already-rich instructional environment in Readington's classrooms, funding has been set aside for facility improvements. The District installed a new roof on the last section of Holland Brook School, removed the Curriculum Department offices and installed a new cupola at Three Bridges School. Other safety improvements, information technology and maintenance projects also occurred. These projects were accomplished through reserve funding without directly impacting the tax levy or through a referendum. More projects are planned for the summer of 2023.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either cancelled or are included as a re-appropriation of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2023.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

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

8. DEBT ADMINISTRATION:

In October of 1996, the District passed a \$12,000,000 bond referendum for construction of a new intermediate school, Holland Brook School. The project was eligible for state funding through a grant from the SCC/SDA. Additionally, the referendum included Americans with Disabilities Act (A.D.A.) improvements. The total cost of the referendum was \$12,800,000, with the additional \$800,000 funded on the interest earnings received on the investment of the \$12,000,000. The bonds were partially refinanced in 2004. As of June 30, 2023, \$2,770,000 remained in principal to be paid, with the final payment to be made on January 1, 2027.

In 2002, the District passed a \$27,790,000 bond referendum for renovations and construction at Readington Middle School, Holland Brook School, Three Bridges School, and Whitehouse School. This project also qualified for state funding through an SCC/SDA grant. There was a partial refunding of the 2002 Bond Series in December of 2006 of \$10,000,000, and another partial refunding of \$5,415,000 in November, 2010, with an additional partial refunding in 2017 of the December 2006 Bond Series originally in aggregate of \$10,000,000. As of June 30, 2023, \$4,705,000 remained in principal to be paid, with the final payment to be made on July 15, 2026.

9. CASH MANAGEMENT:

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

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

10. RISK MANAGEMENT:

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

11. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of BKC, CPAs, PC were selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular Letter 15-08. The auditor's report on the general purpose financial statements combining individual fund statements and schedules is included in the financial section of the report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS:

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

Respectfully submitted,



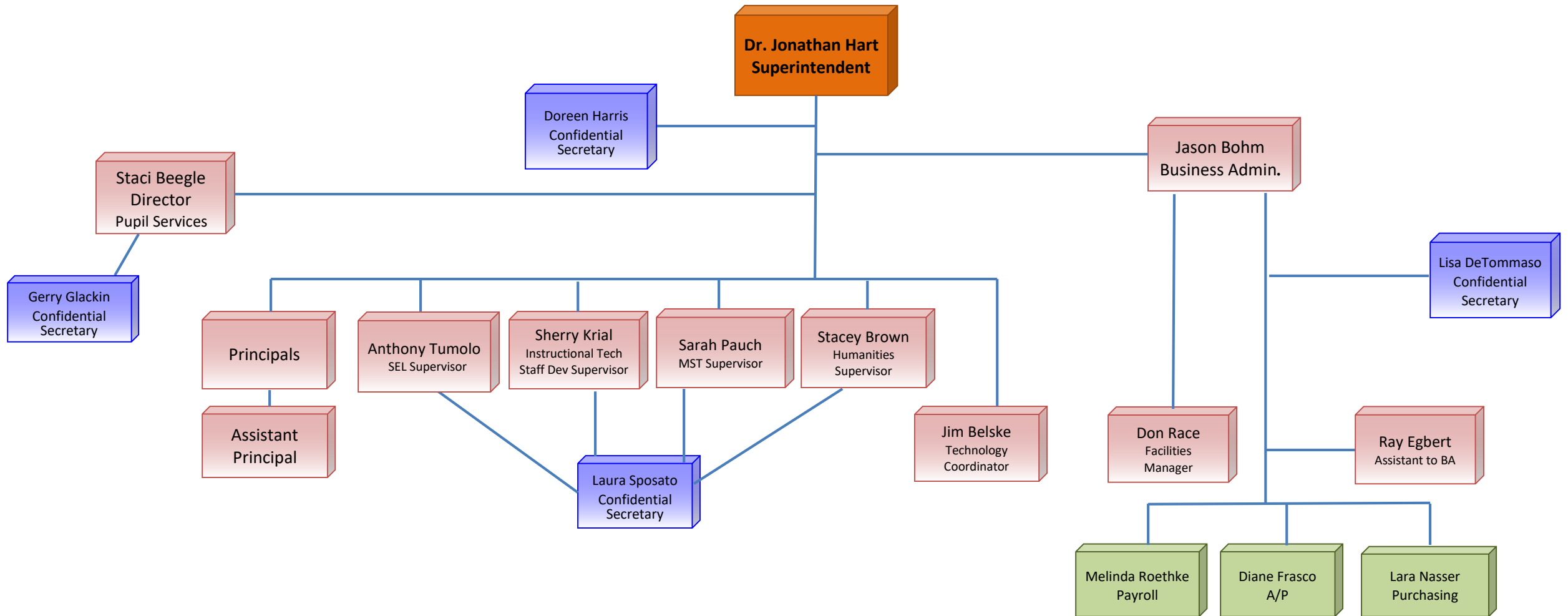
Jonathan Hart, Ph.D.
Superintendent of Schools



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

Readington Township Board Office Organizational Chart

2022-2023 School Year



READINGTON TOWNSHIP BOARD OF EDUCATION
Roster of Officials
June 30, 2023

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expiration</u>
Carol Hample	President	2023
Dr. Camille Cerciello	Vice President	2024
Jodi Bettermann		2023
Elizabeth Fiore		2023
Jennifer Wolf		2024
Randall Peach		2024
Michelle Mencer		2025
Carolyn Podgorski		2025
Justina Ryan		2025

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

READINGTON TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors
June 30, 2023

AUDIT FIRM

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

SOLICITOR

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

OFFICIAL DEPOSITORY

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

ARCHITECT

Settembrino Architects
37 East Washington Avenue
Atlantic Highlands, NJ 07716



Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Readington Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2023, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the Basic Financial Statements. Such information is the responsibility of Management and, although not a part of the Basic Financial Statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the Basic Financial Statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of Management about the methods of preparing the information and comparing the information for consistency with Management's responses to our inquiries, the Basic Financial Statements, and other knowledge we obtained during our audit of the Basic Financial Statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Such information is the responsibility of Management and were derived from and relates directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The information has been subjected to the auditing procedures applied in the audit of the Basic Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Basic Financial Statements or to the Basic Financial Statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the Basic Financial Statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

November 21, 2023
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

The Readington Township School District's (the District) Management's discussion and analysis is designed to provide an overview of the District's financial activities for the year ended June 30, 2023, identify changes in the District's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- In total, net position increased \$3,544,849, which represents a 11.13% increase from fiscal year 2022.
- General revenues accounted for \$49,103,784 in revenue or 95.84% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,133,896 or 4.16% to total revenues of \$51,237,680.
- Total assets of governmental activities increased by \$196,899 as cash and cash equivalents increased by \$703,007, receivables and other current assets decreased by \$380,460 and capital assets decreased by \$125,648.
- The School District had \$47,689,751 in expenses; only \$2,133,896 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes) of \$49,103,784 were adequate to provide for these programs.
- Among major funds, the general fund had \$42,610,256 in revenues and \$41,918,923 in expenditures. The General fund's balance increased \$691,333 from fiscal year 2022.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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

The School District as a Whole

Table 1 provides a summary of the District's net position at June 30, 2023 with comparison to June 30, 2022.

Table 1
Net Position

	06/30/23	06/30/22	Variance	
			Dollars	%
Current & other assets	\$ 10,406,286	\$ 9,970,043	\$ 436,243	4.38%
Capital assets	41,190,456	41,316,848	(126,392)	-0.31%
Total assets	<u>51,596,742</u>	<u>51,286,891</u>	<u>309,851</u>	0.60%
Deferred pension activity	1,523,497	1,579,621	(56,124)	-3.55%
Long-term liabilities	15,605,468	16,318,261	(712,793)	-4.37%
Other liabilities	464,605	826,699	(362,094)	-43.80%
Total liabilities	<u>16,070,073</u>	<u>17,144,960</u>	<u>(1,074,887)</u>	-6.27%
Deferred pension activity	<u>1,655,379</u>	<u>3,871,614</u>	<u>(2,216,235)</u>	-57.24%
Net position				
Net investment in capital assets	33,715,456	32,156,848	1,558,608	4.85%
Restricted	6,017,884	6,304,820	(286,936)	-4.55%
Unrestricted	<u>(4,338,553)</u>	<u>(6,611,730)</u>	<u>2,273,177</u>	34.38%
Total net position	<u>\$ 35,394,787</u>	<u>\$ 31,849,938</u>	<u>\$ 3,544,849</u>	11.13%

Total assets increased by \$309,851. Cash and cash equivalents increased by \$939,653, receivables and other assets decreased by \$503,410, and capital assets decreased by \$126,392. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$2,273,177. The negative balance in unrestricted net position is the result of reporting requirements of the State's net pension liability. This is a requirement under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

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Table 2 provides a summary of the District's changes in net position in fiscal year ending June 30, 2023 with comparisons to fiscal year ending June 30, 2022.

Table 2
Changes in Net Position

	06/30/23	06/30/22	Variance	
			Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 938,622	\$ 372,180	\$ 566,442	152.20%
Operating grants	1,195,274	1,539,655	(344,381)	-22.37%
General revenues				
Property taxes	33,479,090	32,747,629	731,461	2.23%
Unrestricted grants	15,321,122	16,974,563	(1,653,441)	-9.74%
Other	303,572	56,045	247,527	441.66%
Total revenues	<u>51,237,680</u>	<u>51,690,072</u>	<u>(452,392)</u>	-0.88%
Program expenses				
Instruction				
Regular	18,344,051	19,566,693	(1,222,642)	-6.25%
Special	6,993,731	6,825,523	168,208	2.46%
Other	2,507,553	2,054,876	452,677	22.03%
Support services				
Tuition	781,921	675,274	106,647	15.79%
Student & instructional staff	8,601,835	8,671,614	(69,779)	-0.80%
General & business administration	1,722,492	1,612,904	109,588	6.79%
School administration	2,619,690	2,642,625	(22,935)	-0.87%
Maintenance	3,144,398	3,082,678	61,720	2.00%
Transportation	1,905,536	1,974,575	(69,039)	-3.50%
Food service	807,907	796,619	11,288	1.42%
Summer programs	15,344	12,023	3,321	27.62%
Interest on long-term debt	245,293	305,984	(60,691)	-19.83%
Total expenses	<u>47,689,751</u>	<u>48,221,388</u>	<u>(531,637)</u>	-1.10%
Increase (decrease) before special items	3,547,929	3,468,684	79,245	2.28%
Special items				
Gain (loss) on disposal of asset	(3,080)	(2,554)	(526)	20.60%
Total special items	<u>(3,080)</u>	<u>(2,554)</u>	<u>(526)</u>	20.60%
Change net position	<u>\$ 3,544,849</u>	<u>\$ 3,466,130</u>	<u>\$ 78,719</u>	2.27%

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Governmental Activities

The Readington Township Board of Education has their annual election in November, thereby requiring voter budget approval only if the tax levy exceeds state mandated cap. Property taxes made up for 66.50% of revenues for governmental activities for the Readington Township School District for Fiscal Year 2023.

The dependence upon tax revenues is apparent. The community, as a whole, is the primary support for the Readington Township School District. Instruction comprises 58.39% of District expenses. Support services expenses make up 41.10% of the expenses, and interest expense comprises 0.51% of the expenses.

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

Table 3 provides a summary of the School District's cost of governmental and business type services in fiscal year ending June 30, 2023 with comparisons to fiscal year ending June 30, 2022.

Table 3
Cost of Governmental and Business Type Services

	Total Cost of Services		Net Cost of Services	
	06/30/23	06/30/22	06/30/23	06/30/22
Instruction	\$ 27,845,335	\$ 28,447,092	\$ 27,444,598	\$ 28,121,798
Support services				
Tuition	781,921	675,274	373,230	309,140
Student & instructional	8,601,835	8,671,614	8,212,170	8,460,827
General & business	1,722,492	1,612,904	1,722,492	1,612,904
School administration	2,619,690	2,642,625	2,619,690	2,642,625
Plant operations	3,144,398	3,082,678	3,144,398	3,082,678
Pupil transportation	1,905,536	1,974,575	1,855,983	1,969,775
Food service	807,907	796,619	(47,623)	(186,201)
Summer program	15,344	12,023	(14,376)	(9,977)
Interest on long-term debt	245,293	305,984	245,293	305,984
Total expenses	<u>\$ 47,689,751</u>	<u>\$ 48,221,388</u>	<u>\$ 45,555,855</u>	<u>\$ 46,309,553</u>

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

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

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

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

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

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

The School District's Funds

School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of 45,687,690 and expenditures of \$44,992,013. The net positive change in fund balance for the year of \$695,677 was most significant in the general fund with an increase of \$691,333.

General Fund Budgetary Highlights

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

During the course of the fiscal year 2023, the School District amended its general fund budget as needed. The School District uses program-based budgeting, and the budgeting systems are designed to tightly control total program budgets and provide flexibility for program management.

For the general fund, budgeted revenues were \$34,671,093, which was \$899,551 above original budgeted estimates of \$33,771,542. This difference was due primarily to realized miscellaneous revenues and state aid in excess of original budgets.

The general fund revenues and other financing sources of the School District were more than expenditures and other financing uses by \$710,321.

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Capital Assets

At the end of fiscal year 2023, the District had \$41,190,456 invested in land, buildings, furniture, equipment, and vehicles. Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2023 with comparisons to June 30, 2022.

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

	06/30/23	06/30/22	Variance	
			Dollars	%
Land	\$ 412,362	\$ 412,362	\$ -	0.00%
Construction in Progress	193,649	121,770	71,879	59.03%
Land Improvements	1,850,486	1,901,429	(50,943)	-2.68%
Buildings & Improvements	36,686,512	36,552,192	134,320	0.37%
Machinery & Equipment	1,105,803	1,170,433	(64,630)	-5.52%
Vehicles	941,644	1,158,662	(217,018)	-18.73%
Total	<u>\$ 41,190,456</u>	<u>\$ 41,316,848</u>	<u>\$ (126,392)</u>	-0.31%

Capital additions were less than depreciation expense and asset disposals in the current fiscal year by \$126,392. Additions to capital assets resulted primarily from expenses related to building improvements, furniture and equipment in fiscal year 2023.

Liabilities and Long-term Debt

At June 30, 2023, the School District had \$15,605,468 in long-term liabilities. At June 30, 2023, the School District's overall legal debt limit was \$104,547,611 and the legal borrowing margin was \$97,072,611.

Table 5 provides a summary of the District's outstanding long-term liabilities at June 30, 2023 with comparisons to June 30, 2022.

Table 5
Long-Term Liabilities at Year-End

	06/30/23	06/30/22	Variance	
			Dollars	%
General obligation bonds	\$ 7,475,000	\$ 9,160,000	\$ (1,685,000)	-18.40%
Net pension liability	7,255,457	6,088,638	1,166,819	19.16%
Unamortized bond premium	489,402	650,400	(160,998)	-24.75%
Compensated absences	385,609	419,223	(33,614)	-8.02%
Total	<u>\$ 15,605,468</u>	<u>\$ 16,318,261</u>	<u>\$ (712,793)</u>	-4.37%

READINGTON TOWNSHIP SCHOOL DISTRICT
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Economic Factors and Next Year's Budgets and Rates

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

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

Contacting the School District's Financial Management

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

DISTRICT-WIDE FINANCIAL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,234,810	\$ 375,496	\$ 3,610,306
Due from other funds	-	32,032	32,032
Receivables, net	720,239	15,462	735,701
Inventory	-	10,363	10,363
Restricted assets			
Capital reserve account - cash	4,911,825	-	4,911,825
Emergency reserve account - cash	227,264	-	227,264
Maintenance reserve account - cash	795,029	-	795,029
Scholarships - cash	5,465	-	5,465
Student activities - cash	78,301	-	78,301
Capital assets, net			
Land	412,362	-	412,362
Construction in progress	193,649	-	193,649
Other capital assets, net of depreciation	40,475,946	108,499	40,584,445
Total assets	51,054,890	541,852	51,596,742
Deferred outflows of resources			
Deferred amount on pension activity	1,523,497	-	1,523,497
Liabilities			
Accounts payable	141,641	46,333	187,974
Accrued interest	153,767	-	153,767
Due to other funds	32,032	-	32,032
Payroll deductions and withholdings payable	19,371	-	19,371
Unearned revenues	26,477	44,984	71,461
Long-term liabilities			
Due within one year	1,915,998	-	1,915,998
Due beyond one year	13,689,470	-	13,689,470
Total liabilities	15,978,756	91,317	16,070,073
Deferred inflows of resources			
Deferred amount on pension liability	1,655,379	-	1,655,379

See accompanying notes to the financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position (continued)
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 33,606,957	\$ 108,499	\$ 33,715,456
Restricted for			
Capital reserve fund	4,911,825	-	4,911,825
Emergency reserve fund	227,264	-	227,264
Maintenance reserve fund	795,029	-	795,029
Scholarships	5,465	-	5,465
Student activities	78,301	-	78,301
Unrestricted	(4,680,589)	342,036	(4,338,553)
Total net position	\$ 34,944,252	\$ 450,535	\$ 35,394,787

See accompanying notes to the financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 9,510,666	\$ 8,833,385	\$ 107,455	\$ 202,559	\$ -	\$ (18,034,037)	\$ -	\$ (18,034,037)
Special education	3,773,306	3,220,425	-	3,603	-	(6,990,128)	-	(6,990,128)
Other special instruction	1,024,700	959,171	-	87,120	-	(1,896,751)	-	(1,896,751)
Other instruction	289,452	234,230	-	-	-	(523,682)	-	(523,682)
Support services								
Tuition	781,921	-	-	408,691	-	(373,230)	-	(373,230)
Students and instruction related services	4,979,559	3,622,276	213,528	176,137	-	(8,212,170)	-	(8,212,170)
General and business administration services	1,114,688	607,804	-	-	-	(1,722,492)	-	(1,722,492)
School administration services	1,530,171	1,089,519	-	-	-	(2,619,690)	-	(2,619,690)
Plant operations and maintenance	2,845,655	298,743	-	-	-	(3,144,398)	-	(3,144,398)
Pupil transportation	1,470,984	434,552	49,553	-	-	(1,855,983)	-	(1,855,983)
Interest on long-term debt	245,293	-	-	-	-	(245,293)	-	(245,293)
Total governmental activities	<u>27,566,395</u>	<u>19,300,105</u>	<u>370,536</u>	<u>878,110</u>	<u>-</u>	<u>(45,617,854)</u>	<u>-</u>	<u>(45,617,854)</u>
Business-type activities								
Food service	807,907	-	538,366	317,164	-	-	47,623	47,623
Summer enrichment	15,344	-	29,720	-	-	-	14,376	14,376
Total business-type activities	<u>823,251</u>	<u>-</u>	<u>568,086</u>	<u>317,164</u>	<u>-</u>	<u>-</u>	<u>61,999</u>	<u>61,999</u>
Total primary government	<u>\$ 28,389,646</u>	<u>\$ 19,300,105</u>	<u>\$ 938,622</u>	<u>\$ 1,195,274</u>	<u>\$ -</u>	<u>(45,617,854)</u>	<u>61,999</u>	<u>(45,555,855)</u>
			General revenues, special items and transfers					
			Property taxes levied for general purposes			31,433,950	-	31,433,950
			Property taxes levied for debt service			2,045,140	-	2,045,140
			Federal and state aid not restricted			15,321,122	-	15,321,122
			Investment earnings			113,646	3,433	117,079
			Miscellaneous income			178,767	7,726	186,493
			Special item - loss on sale of assets			(3,080)	-	(3,080)
			Total general revenues and special items			<u>49,089,545</u>	<u>11,159</u>	<u>49,100,704</u>
			Change in net position			<u>3,471,691</u>	<u>73,158</u>	<u>3,544,849</u>
			Net position - beginning			<u>31,472,561</u>	<u>377,377</u>	<u>31,849,938</u>
			Net position - ending			<u>\$ 34,944,252</u>	<u>\$ 450,535</u>	<u>\$ 35,394,787</u>

See accompanying notes to the financial statements.

FUND FINANCIAL STATEMENTS

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,234,432	\$ 378	\$ -	\$ -	\$ 3,234,810
Receivables from other governments					
State	683,902	-	-	-	683,902
Federal	-	16,670	-	-	16,670
Other accounts receivable	14,667	5,000	-	-	19,667
Restricted cash and equivalents	5,934,118	83,766	-	-	6,017,884
Total assets	\$ 9,867,119	\$ 105,814	\$ -	\$ -	\$ 9,972,933
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ 31,861	\$ 171	\$ -	\$ -	\$ 32,032
Accounts payable	141,641	-	-	-	141,641
Payroll deductions and withholdings payable	19,371	-	-	-	19,371
Unearned revenues	4,600	21,877	-	-	26,477
Total liabilities	197,473	22,048	-	-	219,521

See accompanying notes to the financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2023

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000
Excess surplus	785,000	-	-	-	785,000
Capital reserve account	4,911,825	-	-	-	4,911,825
Emergency reserve account	227,264	-	-	-	227,264
Maintenance reserve account	795,029	-	-	-	795,029
Scholarships	-	5,465	-	-	5,465
Student activities	-	78,301	-	-	78,301
Committed fund balance					
Year-end encumbrances	728,424	-	-	-	728,424
Assigned fund balance					
Designated for subsequent year's expenditures	379,101	-	-	-	379,101
Unassigned fund balance	1,043,003	-	-	-	1,043,003
Total fund balances	<u>9,669,646</u>	<u>83,766</u>	<u>-</u>	<u>-</u>	<u>9,753,412</u>
Total liabilities and fund balances	<u>\$ 9,867,119</u>	<u>\$ 105,814</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$71,837,704, and the accumulated depreciation is \$30,755,747.	41,081,957
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(131,882)
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.	(15,605,468)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(153,767)</u>
Total net position of governmental activities	<u>\$ 34,944,252</u>

See accompanying notes to the financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 31,433,950	\$ -	\$ -	\$ 2,045,140	\$ 33,479,090
Tuition fees	51,800	-	-	-	51,800
Transportation fees	8,500	-	-	-	8,500
Interest on investments	113,646	-	-	-	113,646
Local contributions	-	169,521	-	-	169,521
Miscellaneous	178,767	-	-	-	178,767
Rents and royalties	32,795	-	-	-	32,795
Total local sources	31,819,458	169,521	-	2,045,140	34,034,119
State sources	10,652,442	19,736	-	7,098	10,679,276
Federal sources	138,356	835,939	-	-	974,295
Total revenues	42,610,256	1,025,196	-	2,052,238	45,687,690
Expenditures					
Current					
Instructional					
Regular instruction	9,307,615	180,191	-	-	9,487,806
Special education instruction	3,769,703	3,603	-	-	3,773,306
Other special instruction	937,580	87,120	-	-	1,024,700
Other instruction	289,452	-	-	-	289,452
Support service and undistributed costs					
Tuition	373,230	408,691	-	-	781,921
Student and instruction related services	4,594,238	318,879	-	-	4,913,117
General and business administrative services	1,114,688	-	-	-	1,114,688
School administrative services	1,530,171	-	-	-	1,530,171
Plant operations and maintenance	2,845,655	-	-	-	2,845,655
Pupil transportation	1,429,931	-	-	-	1,429,931
Unallocated benefits	13,927,229	1,764	-	-	13,928,993

See accompanying notes to the financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (continued)					
Capital outlay	\$ 1,731,620	\$ 20,604	\$ -	\$ -	\$ 1,752,224
Debt service					
Principal	-	-	-	1,685,000	1,685,000
Interest and other charges	67,811	-	-	367,238	435,049
Total expenditures	<u>41,918,923</u>	<u>1,020,852</u>	<u>-</u>	<u>2,052,238</u>	<u>44,992,013</u>
Excess (deficiency) of revenues over (under) expenditures	691,333	4,344	-	-	695,677
Fund balances, July 1	<u>8,978,313</u>	<u>79,422</u>	<u>-</u>	<u>-</u>	<u>9,057,735</u>
Fund balances, June 30	<u><u>\$ 9,669,646</u></u>	<u><u>\$ 83,766</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,753,412</u></u>

See accompanying notes to the financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Total net changes in fund balances - governmental fund (from B-2) \$ 695,677

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 1,752,224	
Depreciation expense	(1,874,792)	
Loss on sale of assets	<u>(3,080)</u>	(125,648)

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

Bond principal payments 1,685,000

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

Amortization of bond premium 160,998

READINGTON TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2023

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. \$ 993,292

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item. 28,758

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 33,614

Change in net position of governmental activities \$ 3,471,691

READINGTON TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Net Position
June 30, 2023

	Food Service Fund	Summer Enrichment Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 322,861	\$ 52,635	\$ 375,496
Receivables from other governments			
State	767	-	767
Federal	14,695	-	14,695
Due from other funds	32,032	-	32,032
Inventory	10,363	-	10,363
Total current assets	<u>380,718</u>	<u>52,635</u>	<u>433,353</u>
Noncurrent assets			
Capital assets	285,699	-	285,699
Less: accumulated depreciation	177,200	-	177,200
Total noncurrent assets	<u>108,499</u>	<u>-</u>	<u>108,499</u>
Total assets	<u>489,217</u>	<u>52,635</u>	<u>541,852</u>
Liabilities			
Current liabilities			
Accounts payable	46,333	-	46,333
Unearned revenues	-	25,775	25,775
Unearned revenues - commodities	2,154	-	2,154
Unearned revenues - prepaid sales	17,055	-	17,055
Total liabilities	<u>65,542</u>	<u>25,775</u>	<u>91,317</u>
Net position			
Net investment in capital assets	108,499	-	108,499
Unrestricted	315,176	26,860	342,036
Total net position	<u>\$ 423,675</u>	<u>\$ 26,860</u>	<u>\$ 450,535</u>

See accompanying notes to the financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	Food Service Fund	Summer Enrichment Fund	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 362,453	\$ -	\$ 362,453
Daily sales - non-reimbursable programs	175,913	-	175,913
Summer program fees	-	29,720	29,720
Total operating revenues	<u>538,366</u>	<u>29,720</u>	<u>568,086</u>
Operating expenses			
Cost of sales - reimbursable programs	238,127	-	238,127
Cost of sales - non-reimbursable programs	77,219	-	77,219
Commodity food costs	60,951	-	60,951
Office expenses	573	-	573
Salaries	254,984	12,265	267,249
Employee benefits	33,990	-	33,990
Purchased property services	23,401	-	23,401
Other purchased services			
Insurance	34,985	-	34,985
Management fee	17,200	-	17,200
Other	3,689	-	3,689
General supplies	49,078	3,079	52,157
Depreciation	13,710	-	13,710
Total operating expenses	<u>807,907</u>	<u>15,344</u>	<u>823,251</u>
Operating income (loss)	<u>(269,541)</u>	<u>14,376</u>	<u>(255,165)</u>
Non-operating revenues (expenses)			
State sources			
State school breakfast program	161	-	161
State school lunch program	8,820	-	8,820
Federal sources			
National school breakfast program	10,430	-	10,430
National school lunch program			
Cash assistance	159,620	-	159,620
Noncash assistance (commodities)	60,951	-	60,951
Supply chain assistance	77,182	-	77,182
Miscellaneous	7,726	-	7,726
Interest earned on investments	3,433	-	3,433
Total non-operating revenues (expenses)	<u>328,323</u>	<u>-</u>	<u>328,323</u>
Change in net position	58,782	14,376	73,158
Net position, beginning	<u>364,893</u>	<u>12,484</u>	<u>377,377</u>
Net position, ending	<u>\$ 423,675</u>	<u>\$ 26,860</u>	<u>\$ 450,535</u>

See accompanying notes to the financial statements.

READINGTON TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

	Food Service Fund	Summer Enrichment Fund	Total
Cash flows from operating activities			
Receipts from customers (net)	\$ 535,424	\$ 25,875	\$ 561,299
Payments to employees	(16,001)	(12,265)	(28,266)
Payments for employee benefits	(1,320)	-	(1,320)
Payments to Food Service Management Company	(597,853)	-	(597,853)
Payments to vendors (net)	(71,188)	(3,079)	(74,267)
Net cash provided by (used for) operating activities	<u>(150,938)</u>	<u>10,531</u>	<u>(140,407)</u>
Cash flows from non-capital financing activities			
State sources	9,534	-	9,534
Federal sources	300,918	-	300,918
Interfund activity	68,408	-	68,408
Miscellaneous	7,726	-	7,726
Net cash provided by (used for) noncapital financing activities	<u>386,586</u>	<u>-</u>	<u>386,586</u>
Cash flows from capital financing activities			
Acquisition of equipment	(12,966)	-	(12,966)
Net cash provided by (used for) capital financing activities	<u>(12,966)</u>	<u>-</u>	<u>(12,966)</u>
Cash flows from investing activities			
Interest earned on investments	3,433	-	3,433
Net cash provided by (used for) investing activities	<u>3,433</u>	<u>-</u>	<u>3,433</u>
Net increase (decrease) in cash and cash equivalents	226,115	10,531	236,646
Cash and cash equivalents, beginning	<u>96,746</u>	<u>42,104</u>	<u>138,850</u>
Cash and cash equivalents, ending	<u>\$ 322,861</u>	<u>\$ 52,635</u>	<u>\$ 375,496</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (269,541)	\$ 14,376	\$ (255,165)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	13,710	-	13,710
Federal food donation program	60,951	-	60,951
(Increase) decrease in inventory	303	-	303
Increase (decrease) in accounts payable	46,333	-	46,333
Increase (decrease) in unearned revenues	(2,694)	(3,845)	(6,539)
Net cash provided by (used for) operating activities	<u>\$ (150,938)</u>	<u>\$ 10,531</u>	<u>\$ (140,407)</u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2023 of 1,406 students.

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

Proprietary fund types

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

Enterprise Fund - The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

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

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

Equipment	12 years
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Fiduciary fund types

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

G. Tuition payable

Tuition charges for the fiscal year 2022-2023 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

J. Capital assets

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

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

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences

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

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

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

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

L. Unearned revenue

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

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

M. Long-term obligations

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

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

O. Fund balances - governmental funds

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

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

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2023, the District had no investments.

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

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

As of June 30, 2023, the District’s bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$	250,000
Insured by GUDPA		9,802,998
Total bank balances		\$ 10,052,998

Deposits at June 30, 2023 appear in the financial statements as summarized below:

Cash		\$	<u>9,628,190</u>
Unrestricted cash			
Governmental funds, Balance Sheet	<u>Ref.</u>		\$ 3,234,810
Enterprise funds, Statement of Net Position	B-1		375,496
B-4			6,017,884
Restricted cash			
Governmental funds, Balance Sheet	B-1		<u>6,017,884</u>
Total cash		\$	<u>9,628,190</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 412,362	\$ -	\$ -	\$ 412,362
Construction in progress	<u>121,770</u>	<u>1,450,364</u>	<u>1,378,485</u>	<u>193,649</u>
Total	<u>534,132</u>	<u>1,450,364</u>	<u>1,378,485</u>	<u>606,011</u>
Capital assets, being depreciated				
Land improvements:	4,140,131	86,904	-	4,227,035
Building & improvements	59,324,599	1,446,733	-	60,771,332
Furniture & equipment	3,480,668	146,708	40,436	3,586,940
Vehicles	<u>3,036,464</u>	<u>-</u>	<u>390,078</u>	<u>2,646,386</u>
Total	<u>69,981,862</u>	<u>1,680,345</u>	<u>430,514</u>	<u>71,231,693</u>
Accumulated depreciation				
Land improvements:	2,238,702	137,847	-	2,376,549
Building & improvements	22,772,407	1,312,413	-	24,084,820
Furniture & equipment	2,419,478	207,514	37,356	2,589,636
Vehicles	<u>1,877,802</u>	<u>217,018</u>	<u>390,078</u>	<u>1,704,742</u>
Total	<u>29,308,389</u>	<u>1,874,792</u>	<u>427,434</u>	<u>30,755,747</u>
Total capital assets, being depreciated, net	<u>40,673,473</u>	<u>(194,447)</u>	<u>3,080</u>	<u>40,475,946</u>
Transfers	<u>-</u>	<u>(1,378,485)</u>	<u>(1,378,485)</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ 41,207,605</u>	<u>\$ (122,568)</u>	<u>\$ 3,080</u>	<u>\$ 41,081,957</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 272,733	\$ 12,966	\$ -	\$ 285,699
Less: accumulated depreciation	163,490	13,710	-	177,200
Business type activities capital assets, net	<u>\$ 109,243</u>	<u>\$ (744)</u>	<u>\$ -</u>	<u>\$ 108,499</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction				
Regular				\$ 711,402
Special education				263,600
Other special instruction				69,600
Other instruction				23,037
Support services				
Student & instruction				353,056
General & business administration				88,608
School administration				107,769
Plant maintenance				60,800
Transportation				196,920
Total depreciation expense, governmental activities				<u>\$ 1,874,792</u>

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 9,160,000	\$ -	\$ 1,685,000	\$ 7,475,000	\$ 1,755,000
Unamortized bond premium	650,400	-	160,998	489,402	160,998
PERS net pension liability	6,088,638	1,166,819	-	7,255,457	-
Compensated absences payable	419,223	-	33,614	385,609	-
Total governmental activities long-term liabilities	<u>\$ 16,318,261</u>	<u>\$ 1,166,819</u>	<u>\$ 1,879,612</u>	<u>\$ 15,605,468</u>	<u>\$ 1,915,998</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2023, including interest payments are listed as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 1,755,000	\$ 299,763	\$ 2,054,763
2025	1,840,000	222,887	2,062,887
2026	1,925,000	141,125	2,066,125
2027	1,955,000	56,125	2,011,125
Total	<u>\$ 7,475,000</u>	<u>\$ 719,900</u>	<u>\$ 8,194,900</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2023, with their outstanding balances are comprised of the following individual issues:

\$7,905,000 - 2013 refunding school bonds, interest at 3.00% to 4.00%, due in annual installments beginning January 1, 2014 to January 1, 2027.	\$ 2,770,000
\$8,495,000 - 2016 refunding school bonds, interest at 2.00% to 5.00%, due in annual installments beginning July 15, 2018 to July 15, 2026.	<u>4,705,000</u>
Total general obligation bonds	<u>\$ 7,475,000</u>

The general obligation bonded debt of the District is limited by State Law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2023 is \$104,547,611. General obligation debt at June 30, 2023 is \$7,475,000, resulting in a legal debt margin of \$97,072,611.

Note 6 - Pension plans

Description of systems

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS)

Plan description

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service.

The following represents the membership tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Allocation methodology and reconciliation to financial statements (continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and non-employer allocations are applied to amounts presented in the schedules of pension amounts by employer and non-employer. The allocation percentages for each group as of June 30, 2022 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2022 measurement date.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

The employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15-years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

The District's contractually required contribution rate for the year ended June 30, 2023 was 15.38% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

Special funding situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2022:

Net pension liability	\$	7,255,457
Proportionate share		0.0480768368%
 Plan fiduciary net position as a percentage of the total pension liability		 62.91%

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Collective net pension liability and actuarial information (continued)

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on age)	2.75 - 6.55%
Investment rate of return	7.00%

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2022 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$ 7,255,457
At a 1% lower rate (6.00%)	9,400,077
At a 1% higher rate (8.00%)	5,544,038

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2022 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 52,367	\$ 46,180
Changes of assumptions	22,480	1,086,429
Net difference between projected and actual earnings on pension plan investments	300,297	-
Changes in proportion and differences between District contributions and proportionate share of contributions	542,081	522,770
District contributions subsequent to the measurement date	606,272	-
Total	<u>\$ 1,523,497</u>	<u>\$ 1,655,379</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2023, the Plan measurement date is June 30, 2022) of \$606,272 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2022 measurement date:

	Beginning Balance	Net Change in Activity	Ending Balance
Deferred outflows of resources			
Differences between expected and actual experience	\$ 96,026	\$ (43,659)	\$ 52,367
Changes of assumptions	31,710	(9,230)	22,480
Differences between expected and actual experience	-	300,297	300,297
Deferred inflows of resources			
Differences between expected and actual experience	(43,587)	(2,593)	(46,180)
Changes of assumptions	(2,167,595)	1,081,166	(1,086,429)
Difference between projected and actual earnings on pension plan investments	(1,603,907)	1,603,907	-
Net of deferred outflows	\$ (3,687,353)	\$ 2,929,888	\$ (757,465)

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

Fiscal Year Ended June 30,

2023	\$ (622,365)
2024	(317,074)
2025	(154,631)
2026	337,346
2027	(741)
Total	\$ (757,465)

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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

For the fiscal year ended June 30, 2023, the District recognized net pension expense (benefit) of (\$387,021), which represents the District's proportionate share of allocable plan pension expense (benefit) of (\$525,445) plus the net amortization of deferred amounts from changes in proportion of \$142,788, less other adjustments to the net pension liability of (\$4,364). The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2022 measurement date are as follows:

Service cost	\$	349,721
Interest on total pension liability		1,402,637
Benefit changes		4,070
Member contributions		(291,648)
Administrative expense		6,263
Expected investment return net of investment expense		(936,304)
Pension expense related to specific liabilities of individual employers		(5,024)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		16,605
Changes of assumptions		(1,048,478)
Difference between projected and actual investment earnings on pension plan investments		(23,287)
Pension expense (benefit)	\$	(525,445)

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

Plan description

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

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State’s pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year 2022, the State’s pension contribution was more than the actuarial determined amount.

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities’ total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities’ total proportionate share of the collective pension expense associated with the local participating employer.

During the State fiscal year ended June 30, 2022, the State of New Jersey contributed \$5,515,767 to the TPAF for normal pension benefits on behalf of the District.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Special funding situation (continued)

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2022 measurement date is as follows:

District proportionate share of net pension liability	\$	100,418,852
Less: State proportionate share of net pension liability		32,422,265
Net pension liability		\$ 67,996,587

Proportionate share		0.1317905947%
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Plan fiduciary net position as a percentage of the total pension liability		32.29%
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Actuarial assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate		
Price		2.75%
Wage		3.25%
Salary increases (based on years of service)		2.75 - 5.65%
Investment rate of return		7.00%

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF’s target asset allocation as of June 30, 2022 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments after that date in determining the total pension liability.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2022 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$	67,996,587
At a 1% lower rate (6.00%)		79,727,444
At a 1% higher rate (8.00%)		58,114,815

Pension expense (benefit)

The components of allocable pension expense (benefit), which exclude pension expense (benefit) related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2022 measurement date are as follows:

Service cost	\$	1,572,453
Interest on total pension liability		6,772,431
Benefit changes		-
Member contributions		(1,193,870)
Administrative expense		16,626
Expected investment return net of investment expense		(2,609,454)
Pension expense related to specific liabilities of individual employers		(520)
Recognition (amortization) of deferred inflows/outflows of resources		-
Differences between projected and actual experience		264,069
Changes of assumptions		(3,153,287)
Difference between projected and actual investment earnings on pension plan investments		161,530
Pension expense (benefit)	\$	<u>1,829,978</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$9,000 in 2023) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended June 30, 2023 was \$10,916.

D. Other pension plan information

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$1,416,412 to the TPAF for postretirement medical benefits, \$73,781 for non-contributory insurance premiums, \$1,865 for long-term disability insurance, and \$5,318,016 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,148,077 during the fiscal year ended June 30, 2023 for the employer's share of Social Security Contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits. In fiscal year 2022, the State paid OPEB benefits for 161,238 State and local retirees.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP).

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following Plans: TPAF, PERS, PFRS, or ABP.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

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

Total OPEB liability

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

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

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2022 measurement date is as follows:

State's proportionate share of the OPEB liability	\$	50,646,462,966
District's proportionate share of the State's OPEB liability		69,254,990
Employer OPEB expense and related revenue		2,677,982
Allocable proportionate percentage		0.1367420071%

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)
Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2021	\$ 81,208,401
Service cost	3,877,963
Interest cost	1,835,334
Differences between expected and actual experiences	2,671,195
Changes of assumptions	(18,578,272)
Member contributions	58,321
Gross benefit payments	(1,817,952)
Total OPEB liability at June 30, 2022	\$ 69,254,990

There were no changes of the benefit terms from June 30, 2021 to June 30, 2022.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% as of the June 30, 2021 Plan measurement date to 3.54% as of the June 30, 2022 Plan measurement date.

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:

	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases	2.75% - 4.25%	2.75% - 6.55%

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF and PERS.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Health care trend assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2022 was 3.54%. This represents the Municipal Bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the Municipal Bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the Municipal Bond rate.

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

The following presents the total non-employer OPEB liability as of June 30, 2022 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB liability (school retirees)

At current discount rate (3.54%)	\$	69,254,990
At a 1% lower rate (2.54%)		81,401,956
At a 1% higher rate (4.54%)		59,519,804

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

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

Total OPEB liability (school retirees)

Healthcare cost trend rate	\$	69,254,990
At a 1% lower rate (1% decrease)		57,243,482
At a 1% higher rate (1% increase)		85,032,835

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$2,677,982 determined by the state as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a Trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

Note 8 - Deferred compensation

The Board offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The Plans permit participants to defer a portion of their salary until future years. Amounts deferred under the Plans are not available to employees until termination, retirement, death or unforeseeable emergency. The District has awarded third party service agreements to The Omni Group and Fidelity Investments for Internal Revenue Code Sections 403(b) and 457 plan administration services.

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2023 is as follows:

Fund	Receivable Fund	Payable Fund
General fund	\$ 32,032	\$ 31,861
Special revenue fund	-	171
Total	\$ 32,032	\$ 32,032

The balance of \$171 due from the special revenue fund to the food service fund represents charges due to the food service fund from the special revenue fund. The balance of \$31,861 due from the general fund to the food service fund represents subsidies received not yet transferred to the food service fund.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2023 consisted of the following:

Food	\$ 4,507
Supplies	5,856
Total	\$ 10,363

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - Contingent liabilities

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

Note 12 - Risk management

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

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

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

Note 13 - Reserve accounts

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Reserve accounts (continued)

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$1,300,000 to their capital reserve account and \$157,993 to their maintenance reserve account by Board Resolution in June 2023 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 5,113,320	\$ 1,300,000	\$ 35,733	\$ 217,572	\$ 1,754,800	\$ 4,911,825
Emergency	225,042	-	2,222	-	-	227,264
Maintenance	887,036	157,993	-	-	250,000	795,029
Total	<u>\$ 6,225,398</u>	<u>\$ 1,457,993</u>	<u>\$ 37,955</u>	<u>\$ 217,572</u>	<u>\$ 2,004,800</u>	<u>\$ 5,934,118</u>

Note 14 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2023 is as follows:

Restricted

Excess surplus - designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 800,000
Excess surplus - represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets.	785,000
Capital reserve account - represents funds restricted to capital projects in the Districts long range facilities plan.	4,911,825
Emergency reserve account - represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	227,264
Maintenance reserve account - represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	795,029

Committed

Year-end encumbrance - represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	728,424
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Assigned fund balance

Designated for subsequent year's expenditures	379,101
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Unassigned

Undesignated - represents fund balance which has not been restricted or designated.	<u>1,248,814</u>
Total fund balance - budgetary basis	9,875,457
Last state aid payments not recognized on GAAP basis	(205,811)
Total fund balance - GAAP basis	<u>\$ 9,669,646</u>

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$785,000.

Note 16 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2023 of (\$4,680,589) on Schedule A-1, Statement of Net Position. The deficit balance is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the state's net pension liability for PERS to each contributing entity throughout the state.

Note 17 - Recent accounting pronouncements not yet effective

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

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

Note 18 - Subsequent events

The District has evaluated subsequent events through November 21, 2023, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Revenue					
Local sources					
Local tax levy	\$ 31,433,950	\$ -	\$ 31,433,950	\$ 31,433,950	\$ -
Tuition from individuals	50,000	-	50,000	51,800	1,800
Transportation fees from individuals	4,500	-	4,500	8,500	4,000
Rents and royalties	45,000	-	45,000	32,795	(12,205)
Unrestricted miscellaneous revenues	70,000	-	70,000	254,458	184,458
Interest earned on current expense emergency reserve	-	-	-	2,222	2,222
Interest earned on capital reserve funds	4,000	-	4,000	35,733	31,733
Total	<u>31,607,450</u>	<u>-</u>	<u>31,607,450</u>	<u>31,819,458</u>	<u>212,008</u>
State sources					
Categorical Transportation Aid	558,611	-	558,611	558,611	-
Extraordinary Aid	-	-	-	544,951	544,951
Categorical Special Education Aid	1,450,349	-	1,450,349	1,450,349	-
Categorical Security Aid	131,226	-	131,226	131,226	-
Lead testing for drinking water	-	-	-	3,494	3,494
Other State Aid	-	-	-	24,648	24,648
TPAF Pension (on-behalf)	-	-	-	5,318,016	5,318,016
TPAF Non-contributory insurance	-	-	-	73,781	73,781
TPAF Social Security (reimbursed)	-	-	-	1,148,077	1,148,077
TPAF Postretirement benefits	-	-	-	1,416,412	1,416,412
TPAF Long-term disability insurance	-	-	-	1,865	1,865
Total	<u>2,140,186</u>	<u>-</u>	<u>2,140,186</u>	<u>10,671,430</u>	<u>8,531,244</u>
Federal sources					
Medicaid reimbursement	23,906	-	23,906	30,774	6,868
FEMA Community Development Block Grant	-	-	-	107,582	107,582
Total	<u>23,906</u>	<u>-</u>	<u>23,906</u>	<u>138,356</u>	<u>114,450</u>
Total revenues	<u>\$ 33,771,542</u>	<u>\$ -</u>	<u>\$ 33,771,542</u>	<u>\$ 42,629,244</u>	<u>\$ 8,857,702</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures					
Current					
Instruction - regular program					
Salaries of Teachers					
Preschool	\$ 79,770	\$ -	\$ 79,770	\$ 61,068	\$ 18,702
Kindergarten	614,460	250	614,710	597,020	17,690
Grades 1-5	5,119,270	(268,270)	4,851,000	4,798,512	52,488
Grades 6-8	3,479,113	(187,313)	3,291,800	3,254,905	36,895
Home instruction					
Salaries of teacher	11,000	1,000	12,000	645	11,355
Purchased professional - educational services	10,000	(6,460)	3,540	900	2,640
Other purchased services	650	-	650	-	650
Regular programs - undistributed instruction					
Other salaries for instruction	105,743	957	106,700	103,202	3,498
Purchased professional - educational services	950	-	950	70	880
Purchased technical services	-	4,485	4,485	4,485	-
Other purchased services	67,060	2,600	69,660	48,439	21,221
General supplies	447,548	27,599	475,147	407,054	68,093
Textbooks	40,935	(9,761)	31,174	30,379	795
Other objects	1,588	48	1,636	936	700
Total	<u>9,978,087</u>	<u>(434,865)</u>	<u>9,543,222</u>	<u>9,307,615</u>	<u>235,607</u>
Special education					
Learning and/or language disabilities					
Salaries of Teachers	164,440	1,000	165,440	163,540	1,900
Other salaries for instruction	75,681	219	75,900	74,704	1,196
Other purchased services	2,000	2,400	4,400	3,937	463
General supplies	1,000	500	1,500	1,390	110
Total	<u>243,121</u>	<u>4,119</u>	<u>247,240</u>	<u>243,571</u>	<u>3,669</u>
Emotional regulation impairment					
Salaries of Teachers	89,370	(53,570)	35,800	34,518	1,282
Other salaries for instruction	27,700	-	27,700	-	27,700
General supplies	-	4,000	4,000	1,440	2,560
Total	<u>117,070</u>	<u>(49,570)</u>	<u>67,500</u>	<u>35,958</u>	<u>31,542</u>
Resource room/resource center					
Salaries of Teachers	2,210,385	(20,365)	2,190,020	2,128,835	61,185
Other salaries for instruction	479,460	95,240	574,700	560,109	14,591
General supplies	16,400	(1,600)	14,800	13,510	1,290
Total	<u>2,706,245</u>	<u>73,275</u>	<u>2,779,520</u>	<u>2,702,454</u>	<u>77,066</u>
Autism					
Salaries of Teachers	206,040	500	206,540	203,975	2,565
Other salaries for instruction	97,790	59,805	157,595	131,257	26,338
General supplies	4,100	1,055	5,155	3,960	1,195
Total	<u>307,930</u>	<u>61,360</u>	<u>369,290</u>	<u>339,192</u>	<u>30,098</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Preschool disabilities - part-time					
Salaries of Teachers	\$ 32,250	\$ 108,900	\$ 141,150	\$ 134,309	\$ 6,841
Other salaries for instruction	190,493	978	191,471	141,484	49,987
Total	<u>222,743</u>	<u>109,878</u>	<u>332,621</u>	<u>275,793</u>	<u>56,828</u>
Preschool disabilities - full-time					
Salaries of Teachers	169,620	(54,070)	115,550	113,825	1,725
Other salaries for instruction	20,000	33,491	53,491	52,991	500
General supplies	2,850	3,082	5,932	5,919	13
Total	<u>192,470</u>	<u>(17,497)</u>	<u>174,973</u>	<u>172,735</u>	<u>2,238</u>
Total special education	<u>3,789,579</u>	<u>181,565</u>	<u>3,971,144</u>	<u>3,769,703</u>	<u>201,441</u>
Basic skills/remedial					
Salaries of Teachers	705,138	90,920	796,058	786,140	9,918
General supplies	2,222	128	2,350	2,038	312
Total	<u>707,360</u>	<u>91,048</u>	<u>798,408</u>	<u>788,178</u>	<u>10,230</u>
Bilingual education - instruction					
Salaries of Teachers	134,206	22,494	156,700	148,809	7,891
Other purchased services	2,700	-	2,700	580	2,120
General supplies	900	(400)	500	13	487
Total	<u>137,806</u>	<u>22,094</u>	<u>159,900</u>	<u>149,402</u>	<u>10,498</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	134,840	-	134,840	106,884	27,956
Purchased services	500	-	500	229	271
Supplies and materials	5,150	(400)	4,750	2,620	2,130
Other objects	600	-	600	260	340
Total	<u>141,090</u>	<u>(400)</u>	<u>140,690</u>	<u>109,993</u>	<u>30,697</u>
School-sponsored athletics - instruction					
Salaries	154,530	-	154,530	147,036	7,494
Purchased services	17,815	-	17,815	12,479	5,336
Supplies and materials	8,200	31,073	39,273	18,639	20,634
Other objects	1,549	-	1,549	1,305	244
Total	<u>182,094</u>	<u>31,073</u>	<u>213,167</u>	<u>179,459</u>	<u>33,708</u>
Total instruction regular	<u>\$ 14,936,016</u>	<u>\$ (109,485)</u>	<u>\$ 14,826,531</u>	<u>\$ 14,304,350</u>	<u>\$ 522,181</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to priv. school for the disabled w/i state	\$ 537,151	\$ (52,191)	\$ 484,960	\$ 373,230	\$ 111,730
Total	<u>537,151</u>	<u>(52,191)</u>	<u>484,960</u>	<u>373,230</u>	<u>111,730</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Undistributed expenditures - health services					
Salaries	\$ 422,050	\$ (39,632)	\$ 382,418	\$ 360,668	\$ 21,750
Purchased professional and technical services	7,360	92,000	99,360	81,601	17,759
Other purchased services	1,500	-	1,500	247	1,253
Supplies and materials	18,100	-	18,100	16,339	1,761
Other objects	400	-	400	-	400
Total	449,410	52,368	501,778	458,855	42,923
Undistributed expenditures - speech, ot, pt & related services					
Salaries	647,082	10,353	657,435	636,129	21,306
Purchased professional - educational services	117,300	9,000	126,300	125,261	1,039
Supplies and materials	3,200	2,660	5,860	4,739	1,121
Other objects	7,545	(2,000)	5,545	2,648	2,897
Total	775,127	20,013	795,140	768,777	26,363
Undistributed expend - other supp. service stds. - extra service					
Salaries	376,341	(88,347)	287,994	198,686	89,308
Purchased professional - educational services	65,250	(22,000)	43,250	15,675	27,575
Total	441,591	(110,347)	331,244	214,361	116,883
Undistributed expenditures - guidance					
Salaries of other Professional Staff	518,545	(7,245)	511,300	502,831	8,469
Salaries of Secretarial and Clerical Assistants	-	3,100	3,100	2,031	1,069
Other salaries	1,000	-	1,000	945	55
Purchased professional - educational services	1,900	-	1,900	-	1,900
Other purchased services	6,990	(1,363)	5,627	610	5,017
Supplies and materials	2,750	5,710	8,460	3,284	5,176
Total	531,185	202	531,387	509,701	21,686
Undistributed expenditures - child study teams					
Salaries of other Professional Staff	765,397	(8,747)	756,650	756,269	381
Salaries of Secretarial and Clerical Assistants	166,169	11,031	177,200	163,352	13,848
Other salaries	3,200	500	3,700	90	3,610
Unused vacation payment to terminated/retired staff	-	2,000	2,000	1,729	271
Other purchased professional & technical services	100,530	(26,747)	73,783	52,529	21,254
Other purchased services	32,731	(1,000)	31,731	22,052	9,679
Supplies and materials	14,100	38,500	52,600	48,476	4,124
Total	1,082,127	15,537	1,097,664	1,044,497	53,167
Undistributed expenditures - improvement of inst. service					
Salaries of Supervisor of Instruction	459,320	38,480	497,800	456,820	40,980
Salaries of other Professional Staff	13,740	500	14,240	150	14,090
Salaries of Secretarial & Clerical Assist	28,110	(6,410)	21,700	21,667	33
Other purchased services	11,550	(800)	10,750	7,760	2,990
Supplies and materials	33,395	23,700	57,095	43,672	13,423
Other objects	7,830	406	8,236	6,695	1,541
Total	553,945	55,876	609,821	536,764	73,057

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 565,282	\$ 36,211	\$ 601,493	\$ 538,399	\$ 63,094
Salaries of technology coordinators	58,449	4,951	63,400	58,223	5,177
Purchased professional and technical services	7,000	1,000	8,000	3,740	4,260
Other purchased services	219,283	6,500	225,783	184,708	41,075
Supplies and materials	14,882	390	15,272	14,178	1,094
Other objects	65	-	65	65	-
Total	864,961	49,052	914,013	799,313	114,700
Undistributed expenditures - instructional staff training services					
Salaries of other Professional Staff	221,270	9,360	230,630	215,079	15,551
Salaries of Secretarial & Clerical Assist.	28,110	-	28,110	21,667	6,443
Purchased professional - educational services	12,100	5,368	17,468	8,718	8,750
Other purchased services	36,570	(7,000)	29,570	12,152	17,418
Supplies and materials	5,800	(100)	5,700	4,354	1,346
Other objects	5,000	(5,000)	-	-	-
Total	308,850	2,628	311,478	261,970	49,508
Undistributed expend. - support service - general admin.					
Salaries	265,291	-	265,291	264,651	640
Legal services	117,000	25,940	142,940	65,988	76,952
Audit fees	71,000	(3,000)	68,000	38,144	29,856
Architectural/engineering services	1,000	442	1,442	1,442	-
Other purchased professional services	25,000	4,013	29,013	25,538	3,475
Purchased technical services	500	-	500	-	500
Communications/telephone	113,010	(5,002)	108,008	91,670	16,338
BOE other purchased services	6,100	-	6,100	3,082	3,018
Miscellaneous purchased services	95,500	(15,669)	79,831	69,829	10,002
General supplies	28,204	13,539	41,743	32,163	9,580
BOE in-house training/meeting supplies	600	800	1,400	972	428
Miscellaneous expenditures	3,500	499	3,999	3,992	7
BOE membership dues and fees	18,700	(800)	17,900	17,518	382
Total	745,405	20,762	766,167	614,989	151,178
Undistributed expend. - support service - school admin.					
Salaries of Principals/Assistant Principals	871,386	(7,106)	864,280	861,777	2,503
Salaries of Secretarial and Clerical Assistants	452,795	2,156	454,951	448,515	6,436
Unused vacation payment to terminated/retired staff	-	21,000	21,000	20,233	767
Purchased professional and technical services	-	305	305	295	10
Other purchased services	42,205	(1,467)	40,738	27,665	13,073
Supplies and materials	32,047	95,782	127,829	104,838	22,991
Other objects	7,570	244	7,814	7,603	211
Total	1,406,003	110,914	1,516,917	1,470,926	45,991

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - central services					
Salaries	\$ 424,880	\$ 37,460	\$ 462,340	\$ 462,009	\$ 331
Purchased professional services	1,100	-	1,100	1,100	-
Purchased technical services	26,350	(1,147)	25,203	23,430	1,773
Miscellaneous purchased services	6,100	1,273	7,373	4,183	3,190
Supplies and materials	2,600	5,200	7,800	7,667	133
Other objects	2,775	-	2,775	1,310	1,465
Total	463,805	42,786	506,591	499,699	6,892
Undistributed expenditures - admin. info. technology					
Salaries	58,449	-	58,449	58,223	226
Other purchased services	3,500	-	3,500	1,022	2,478
Other objects	1,200	-	1,200	-	1,200
Total	63,149	-	63,149	59,245	3,904
Undistributed expend. - required maint. for school facilities					
Salaries	346,426	(14,919)	331,507	307,857	23,650
Cleaning, repair, and maintenance services	383,900	(106,024)	277,876	256,774	21,102
General supplies	70,455	-	70,455	58,713	11,742
Total	800,781	(120,943)	679,838	623,344	56,494
Undistributed expenditures - custodial services					
Salaries	277,000	6,758	283,758	270,613	13,145
Unused vacation payment to terminated/retired staff	-	12,000	12,000	11,953	47
Purchased professional and technical services	37,500	5,000	42,500	39,344	3,156
Cleaning, repair, and maintenance service	878,447	(13,805)	864,642	864,642	-
Other purchased property services	31,500	2,500	34,000	32,805	1,195
Insurance	82,379	-	82,379	80,651	1,728
Miscellaneous purchased services	9,600	670	10,270	6,636	3,634
General supplies	134,000	6,970	140,970	135,016	5,954
Energy (natural gas)	158,045	50,000	208,045	188,770	19,275
Energy (electricity)	387,000	23,000	410,000	409,648	352
Other objects	1,500	1,130	2,630	2,431	199
Total	1,996,971	94,223	2,091,194	2,042,509	48,685
Undistributed expenditures - care and upkeep of grounds					
Salaries	59,982	(17,936)	42,046	35,611	6,435
Cleaning, repair, and maintenance service	38,000	(14,000)	24,000	22,898	1,102
General supplies	21,672	(5,000)	16,672	9,432	7,240
Total	119,654	(36,936)	82,718	67,941	14,777
Undistributed expenditures - security					
Purchased professional and technical services	61,195	73,389	134,584	94,530	40,054
Cleaning, repair, and maintenance service	1,500	17,521	19,021	14,320	4,701
General supplies	1,000	2,479	3,479	3,011	468
Total	63,695	93,389	157,084	111,861	45,223

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	\$ 3,000	\$ -	\$ 3,000	\$ 1,713	\$ 1,287
Salaries for pupil trans. (between home & school) - reg.	549,652	124,798	674,450	609,397	65,053
Salaries for pupil trans. (between home & school) - sp. ed.	221,500	(121,654)	99,846	98,989	857
Salaries for pupil trans. (other than between home & school)	52,315	-	52,315	32,842	19,473
Management fee - ESC & CTSA trans. program	15,500	-	15,500	9,738	5,762
Other purchased professional and technical service	147,700	12,000	159,700	140,019	19,681
Cleaning, repair, & maint. services	43,350	(18,065)	25,285	18,700	6,585
Contract service (between home & school) - vendors	163,553	(12,000)	151,553	26,315	125,238
Contract service (between home & school) - joint agreements	82,000	-	82,000	76,354	5,646
Contract service (sp. ed. stds) - ESCs & CTSA	185,949	40,000	225,949	195,956	29,993
Miscellaneous purchased services - transportation	58,245	-	58,245	52,461	5,784
General supplies	2,700	1,050	3,750	3,746	4
Transportation supplies	202,849	(10,000)	192,849	162,096	30,753
Other objects	3,590	-	3,590	1,605	1,985
Total	1,731,903	16,129	1,748,032	1,429,931	318,101
Unallocated benefits - employee benefits					
Social security contributions	455,000	-	455,000	430,425	24,575
Other retirement contributions - PERS	665,000	(49,895)	615,105	606,437	8,668
Other retirement contributions - regular	15,503	-	15,503	10,916	4,587
Unemployment compensation	86,500	-	86,500	78,588	7,912
Workmen's compensation	298,000	(1,000)	297,000	278,151	18,849
Health benefits	5,027,840	(640,267)	4,387,573	4,243,696	143,877
Tuition reimbursement	142,774	700	143,474	86,848	56,626
Other employee benefits	165,500	52,614	218,114	218,037	77
Unused sick payment to terminated/retired staff	55,000	-	55,000	15,980	39,020
Total	6,911,117	(637,848)	6,273,269	5,969,078	304,191
On-behalf TPAF Pension contribution	-	-	-	5,318,016	(5,318,016)
On-behalf TPAF Non-contributory insurance	-	-	-	73,781	(73,781)
On-behalf TPAF Postretirement medical benefits	-	-	-	1,416,412	(1,416,412)
On-behalf TPAF Long-term disability insurance	-	-	-	1,865	(1,865)
Reimbursed TPAF Social Security contribution	-	-	-	1,148,077	(1,148,077)
Total	-	-	-	7,958,151	(7,958,151)
Total undistributed expenditures	\$ 19,846,830	\$ (384,386)	\$ 19,462,444	\$ 25,815,142	\$ (6,352,698)
Total current	\$ 34,782,846	\$ (493,871)	\$ 34,288,975	\$ 40,119,492	\$ (5,830,517)

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ 34,405	\$ 135,553	\$ 169,958	\$ 163,370	\$ 6,588
Undistributed expenditures - required maint. for school facilities	-	66,300	66,300	66,300	-
Undistributed expenditures - custodial services	-	4,518	4,518	-	4,518
Undistributed expenditures - care and upkeep of grounds	4,261	3,684	7,945	7,945	-
Undistributed expenditures - security	-	2,810	2,810	2,810	-
Undistributed expenditures student transportation	11,100	-	11,100	10,389	711
School buses - regular	115,000	284,826	399,826	-	399,826
Total equipment	<u>164,766</u>	<u>497,691</u>	<u>662,457</u>	<u>250,814</u>	<u>411,643</u>
Facilities acquisition and construction service					
Architectural/engineering services	31,229	304,800	336,029	222,366	113,663
Construction services	1,450,000	-	1,450,000	1,258,440	191,560
Assessment for debt service on SDA funding	67,811	-	67,811	67,811	-
Total facilities acquisition and construction service	<u>1,549,040</u>	<u>304,800</u>	<u>1,853,840</u>	<u>1,548,617</u>	<u>305,223</u>
Total capital outlay	<u>\$ 1,713,806</u>	<u>\$ 802,491</u>	<u>\$ 2,516,297</u>	<u>\$ 1,799,431</u>	<u>\$ 716,866</u>
Total expenditures	<u>\$ 36,496,652</u>	<u>\$ 308,620</u>	<u>\$ 36,805,272</u>	<u>\$ 41,918,923</u>	<u>\$ (5,113,651)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (2,725,110)	\$ (308,620)	\$ (3,033,730)	\$ 710,321	\$ 3,744,051
Fund balances, July 1	9,165,136	-	9,165,136	9,165,136	-
Fund balances, June 30	<u>\$ 6,440,026</u>	<u>\$ (308,620)</u>	<u>\$ 6,131,406</u>	<u>\$ 9,875,457</u>	<u>\$ 3,744,051</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (214,110)	\$ -	\$ (214,110)	\$ (214,110)	\$ -
Increase in capital reserve	-	1,300,000	1,300,000	1,517,572	217,572
Interest deposit to capital reserve	4,000	-	4,000	35,733	31,733
Withdrawal from capital reserve	(1,450,000)	(304,800)	(1,754,800)	(1,754,800)	-
Interest earned on emergency reserve	-	-	-	2,222	2,222
Increase in maintenance reserve	-	157,993	157,993	157,993	-
Withdrawal from maintenance reserve	(250,000)	-	(250,000)	(250,000)	-
Budgeted fund balance	(815,000)	(1,461,813)	(2,276,813)	1,215,711	3,492,524
Total	<u>\$ (2,725,110)</u>	<u>\$ (308,620)</u>	<u>\$ (3,033,730)</u>	<u>\$ 710,321</u>	<u>\$ 3,744,051</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited		Actual	Variance Final to Actual
	Original Budget	Budget Transfers		
Recapitulation of fund balance				
Restricted fund balance				
Excess surplus - designated for subsequent year's expenditures			\$ 800,000	
Excess surplus - current year			785,000	
Capital reserve			4,911,825	
Emergency reserve			227,264	
Maintenance reserve			795,029	
Committed fund balance				
Year-end encumbrances			728,424	
Assigned fund balance				
Designated for subsequent year's expenditures			379,101	
Unassigned fund balance			<u>1,248,814</u>	
 Fund balance per budgetary basis			 9,875,457	
 Reconciliation to governmental statements (GAAP)				
Last state aid payments not recognized on GAAP basis			<u>(205,811)</u>	
 Fund balance per governmental funds (GAAP)			 <u><u>\$ 9,669,646</u></u>	

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources	\$ 24,390	\$ 147,086	\$ 171,476	\$ 169,521	\$ (1,955)
State sources	39,658	-	39,658	39,658	-
Federal sources	1,238,210	-	1,238,210	835,939	(402,271)
Total revenues	<u>\$ 1,302,258</u>	<u>\$ 147,086</u>	<u>\$ 1,449,344</u>	<u>\$ 1,045,118</u>	<u>\$ (404,226)</u>
Expenditures					
Instruction					
Salaries	\$ 159,322	\$ -	\$ 159,322	\$ 23,054	\$ 136,268
Purchased professional and technical services	134,725	-	134,725	75,948	58,777
Other purchased services	14,768	-	14,768	10,899	3,869
General supplies	274,005	(20,604)	253,401	161,013	92,388
Total	<u>582,820</u>	<u>(20,604)</u>	<u>562,216</u>	<u>270,914</u>	<u>291,302</u>
Support services					
Tuition	408,691	-	408,691	408,691	-
Salaries - supervisors of instruction	6,503	-	6,503	-	6,503
Employee benefits	12,685	-	12,685	1,764	10,921
Purchased professional and technical services	237,870	-	237,870	142,370	95,500
Other purchased services	53,689	-	53,689	53,689	-
Scholarships awarded	-	200	200	200	-
Student activities	-	142,542	142,542	142,542	-
Total	<u>719,438</u>	<u>142,742</u>	<u>862,180</u>	<u>749,256</u>	<u>112,924</u>
Capital outlay					
Instructional equipment	-	20,604	20,604	20,604	-
Total expenditures	<u>\$ 1,302,258</u>	<u>\$ 142,742</u>	<u>\$ 1,445,000</u>	<u>\$ 1,040,774</u>	<u>\$ 404,226</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 4,344	\$ 4,344	\$ 4,344	\$ -
Fund balances, July 1	79,422	-	79,422	79,422	-
Fund balances, June 30	<u>\$ 79,422</u>	<u>\$ 4,344</u>	<u>\$ 83,766</u>	<u>\$ 83,766</u>	<u>\$ -</u>
Recapitulation of fund balance					
Restricted fund balance					
Scholarships				\$ 5,465	
Student activities				78,301	
Fund balance per budgetary basis				<u>\$ 83,766</u>	

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2023

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 42,629,244	\$ 1,045,118
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - current year	-	(19,922)
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expenses (GASB 33):		
State aid receivable prior year	186,823	-
State aid receivable current year	(205,811)	-
Total revenues (GAAP basis)	<u>\$ 42,610,256</u>	<u>\$ 1,025,196</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 41,918,923	\$ 1,040,774
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - current year	-	(19,922)
Total expenditures (GAAP basis)	<u>\$ 41,918,923</u>	<u>\$ 1,020,852</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2014	0.0457782148%	\$ 8,570,934	\$ 3,191,173	268.58%	52.08%
2015	0.0480161369%	10,778,661	3,084,486	349.45%	47.93%
2016	0.0456683389%	13,525,652	3,113,569	434.41%	40.14%
2017	0.0449689181%	10,468,045	3,055,998	342.54%	48.10%
2018	0.0443078500%	8,723,996	3,242,311	269.07%	53.60%
2019	0.0480030215%	8,649,416	3,599,229	240.31%	56.27%
2020	0.0506771993%	8,264,126	3,685,998	224.20%	58.32%
2021	0.0513960944%	6,088,638	3,680,952	165.41%	70.33%
2022	0.0480768368%	7,255,457	3,707,446	195.70%	62.91%
2023	N/A	N/A	3,941,068	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2014	\$ 335,444	\$ (335,444)	\$ -	\$ 3,191,173	10.51%
2015	377,389	(377,389)	-	3,084,486	12.24%
2016	412,810	(412,810)	-	3,113,569	13.26%
2017	405,711	(405,711)	-	3,055,998	13.28%
2018	416,589	(416,589)	-	3,242,311	12.85%
2019	440,720	(440,720)	-	3,599,229	12.24%
2020	466,928	(466,928)	-	3,685,998	12.67%
2021	554,383	(554,383)	-	3,680,952	15.06%
2022	601,908	(601,908)	-	3,707,446	16.24%
2023	606,272	(606,272)	-	3,941,068	15.38%

N/A = Information not available

See independent auditors' report.

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

	<u>Proportionate share of net pension liability (asset)</u>			<u>Total</u>	<u>District's covered employee payroll</u>	<u>District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
	<u>District's proportion</u>		<u>State's proportion</u>				
	<u>Percentage</u>	<u>Value</u>					
2014	0.00%	\$ -	\$ 73,924,434	\$ 73,924,434	\$ 13,993,415	0.00%	33.64%
2015	0.00%	-	89,215,568	89,215,568	13,835,859	0.00%	28.71%
2016	0.00%	-	109,635,356	109,635,356	13,800,976	0.00%	22.33%
2017	0.00%	-	90,187,865	90,187,865	13,980,596	0.00%	25.41%
2018	0.00%	-	85,284,537	85,284,537	13,327,916	0.00%	26.49%
2019	0.00%	-	81,042,180	81,042,180	15,179,915	0.00%	26.95%
2020	0.00%	-	85,519,421	85,519,421	14,781,847	0.00%	24.60%
2021	0.00%	-	65,230,517	65,230,517	14,952,483	0.00%	35.52%
2022	0.00%	-	67,996,587	67,996,587	15,200,883	0.00%	32.29%
2023	N/A	N/A	N/A	N/A	15,762,599	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2014	\$ 585,126	\$ (585,126)	\$ -	\$ 13,993,415	4.18%
2015	763,132	(763,132)	-	13,835,859	5.52%
2016	1,115,830	(1,115,830)	-	13,800,976	8.09%
2017	1,504,571	(1,504,571)	-	13,980,596	10.76%
2018	2,022,103	(2,022,103)	-	13,327,916	15.17%
2019	2,651,528	(2,651,528)	-	15,179,915	17.47%
2020	2,655,114	(2,655,114)	-	14,781,847	17.96%
2021	2,942,945	(2,942,945)	-	14,952,483	19.68%
2022	3,976,248	(3,976,248)	-	15,200,883	26.16%
2023	5,515,767	(5,515,767)	-	15,762,599	34.99%

N/A = Information not available

See independent auditors' report.

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

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

	Proportionate share of other postemployment employee benefits liability (asset)			Total	District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other postemployment employee benefits liability
	District's proportion		State's				
	Percentage	Value	proportion				
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	0.00%	\$ -	\$ 70,176,341	\$ 70,176,341	\$ 17,036,594	0.00%	0.00%
2018	0.00%	-	59,173,393	59,173,393	16,570,227	0.00%	0.00%
2019	0.00%	-	55,818,313	55,818,313	18,779,144	0.00%	0.00%
2020	0.00%	-	92,884,814	92,884,814	18,467,845	0.00%	0.00%
2021	0.00%	-	81,208,401	81,208,401	18,633,435	0.00%	0.00%
2022	0.00%	-	69,254,990	69,254,990	18,908,329	0.00%	0.00%
2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information not available

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2023

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% in State fiscal year 2021 and 2.75% in State fiscal year 2022.
- Note 3 - Changes in assumptions - PERS
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% for State fiscal year 2021 and 2.75% for State fiscal year 2022.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate increased from 2.16% in State fiscal year 2020 to 3.54% in State fiscal year 2022. The inflation rate was 2.50% for State fiscal year 2021 and 2022.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

SPECIAL REVENUE FUND

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

	Total Brought Forward	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IIA	Total
Revenues						
Local sources	\$ 169,521	\$ -	\$ -	\$ -	\$ -	\$ 169,521
State sources	39,658	-	-	-	-	39,658
Federal sources	328,812	402,660	15,031	70,437	18,999	835,939
Total revenues	\$ 537,991	\$ 402,660	\$ 15,031	\$ 70,437	\$ 18,999	\$ 1,045,118
Expenditures						
Instruction						
Salaries	\$ 23,054	\$ -	\$ -	\$ -	\$ -	\$ 23,054
Purchased professional and technical services	75,948	-	-	-	-	75,948
Other purchased services	-	-	-	-	10,899	10,899
General supplies	90,576	-	-	70,437	-	161,013
Total	189,578	-	-	70,437	10,899	270,914
Support services						
Tuition	-	393,660	15,031	-	-	408,691
Employee benefits	1,764	-	-	-	-	1,764
Purchased professional and technical services	134,270	-	-	-	8,100	142,370
Other purchased services	44,689	9,000	-	-	-	53,689
Scholarships awarded	200	-	-	-	-	200
Student activities	142,542	-	-	-	-	142,542
Total	323,465	402,660	15,031	-	8,100	749,256
Capital outlay						
Instructional equipment	20,604	-	-	-	-	20,604
Total expenditures	\$ 533,647	\$ 402,660	\$ 15,031	\$ 70,437	\$ 18,999	\$ 1,040,774
Excess (deficiency) of revenues over (under) expenditures	\$ 4,344	\$ -	\$ -	\$ -	\$ -	\$ 4,344
Fund balances, July 1	79,422	-	-	-	-	79,422
Fund balances, June 30	\$ 83,766	\$ -	\$ -	\$ -	\$ -	\$ 83,766

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2023

	Total Brought Forward	ESSA Title III	ESSA Title III Immigrant	ESSA Title IV	ARP IDEA Basic	CRRSA ESSER II	Total Carried Forward
Revenues							
Local sources	\$ 169,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,521
State sources	39,658	-	-	-	-	-	39,658
Federal sources	229,548	14,009	2,674	10,000	11,730	60,851	328,812
Total revenues	\$ 438,727	\$ 14,009	\$ 2,674	\$ 10,000	\$ 11,730	\$ 60,851	\$ 537,991
Expenditures							
Instruction							
Salaries	\$ 23,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,054
Purchased professional and technical services	72,003	1,071	2,674	200	-	-	75,948
Other purchased services	-	-	-	-	-	-	-
General supplies	38,046	12,938	-	9,800	3,603	26,189	90,576
Total	133,103	14,009	2,674	10,000	3,603	26,189	189,578
Support services							
Tuition	-	-	-	-	-	-	-
Employee benefits	1,764	-	-	-	-	-	1,764
Purchased professional and technical services	103,172	-	-	-	-	31,098	134,270
Other purchased services	32,998	-	-	-	8,127	3,564	44,689
Scholarships awarded	200	-	-	-	-	-	200
Student activities	142,542	-	-	-	-	-	142,542
Total	280,676	-	-	-	8,127	34,662	323,465
Capital outlay							
Instructional equipment	20,604	-	-	-	-	-	20,604
Total expenditures	\$ 434,383	\$ 14,009	\$ 2,674	\$ 10,000	\$ 11,730	\$ 60,851	\$ 533,647
Excess (deficiency) of revenues over (under) expenditures	\$ 4,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,344
Fund balances, July 1	79,422	-	-	-	-	-	79,422
Fund balances, June 30	\$ 83,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,766

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2023

	Total Brought Forward	CRRSA Learning Acceleration	CRRSA Mental Health	ARP ESSER	ARP Learning Acceleration	ARP Summer Learning	Total Carried Forward
Revenues							
Local sources	\$ 169,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,521
State sources	39,658	-	-	-	-	-	39,658
Federal sources	13,217	250	30,272	165,663	11,250	8,896	229,548
Total revenues	\$ 222,396	\$ 250	\$ 30,272	\$ 165,663	\$ 11,250	\$ 8,896	\$ 438,727
Expenditures							
Instruction							
Salaries	\$ -	\$ -	\$ -	\$ 23,054	\$ -	\$ -	23,054
Purchased professional and technical services	13,217	-	-	49,890	-	8,896	72,003
Other purchased services	-	-	-	-	-	-	-
General supplies	8,491	-	-	29,555	-	-	38,046
Total	21,708	-	-	102,499	-	8,896	133,103
Support services							
Tuition	-	-	-	-	-	-	-
Employee benefits	-	-	-	1,764	-	-	1,764
Purchased professional and technical services	-	250	30,272	61,400	11,250	-	103,172
Other purchased services	32,998	-	-	-	-	-	32,998
Scholarships awarded	200	-	-	-	-	-	200
Student activities	142,542	-	-	-	-	-	142,542
Total	175,740	250	30,272	63,164	11,250	-	280,676
Capital outlay							
Instructional equipment	20,604	-	-	-	-	-	20,604
Total expenditures	\$ 218,052	\$ 250	\$ 30,272	\$ 165,663	\$ 11,250	\$ 8,896	\$ 434,383
Excess (deficiency) of revenues over (under) expenditures	\$ 4,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,344
Fund balances, July 1	79,422	-	-	-	-	-	79,422
Fund balances, June 30	\$ 83,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,766

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2023

	ARP Beyond the School Day	School Climate Change	SDA Emergent and Capital Maintenance Needs	Local Grants	Scholarships	Student Activities	Total Carried Forward
Revenues							
Local sources	\$ -	\$ -	\$ -	\$ 22,435	\$ -	\$ 147,086	\$ 169,521
State sources	-	6,660	32,998	-	-	-	39,658
Federal sources	13,217	-	-	-	-	-	13,217
Total revenues	<u>\$ 13,217</u>	<u>\$ 6,660</u>	<u>\$ 32,998</u>	<u>\$ 22,435</u>	<u>\$ -</u>	<u>\$ 147,086</u>	<u>\$ 222,396</u>
Expenditures							
Instruction							
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased professional and technical services	13,217	-	-	-	-	-	13,217
Other purchased services	-	-	-	-	-	-	-
General supplies	-	6,660	-	1,831	-	-	8,491
Total	<u>13,217</u>	<u>6,660</u>	<u>-</u>	<u>1,831</u>	<u>-</u>	<u>-</u>	<u>21,708</u>
Support services							
Tuition	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	-	-	-
Other purchased services	-	-	32,998	-	-	-	32,998
Scholarships awarded	-	-	-	-	200	-	200
Student activities	-	-	-	-	-	142,542	142,542
Total	<u>-</u>	<u>-</u>	<u>32,998</u>	<u>-</u>	<u>200</u>	<u>142,542</u>	<u>175,740</u>
Capital outlay							
Instructional equipment	-	-	-	20,604	-	-	20,604
Total expenditures	<u>\$ 13,217</u>	<u>\$ 6,660</u>	<u>\$ 32,998</u>	<u>\$ 22,435</u>	<u>\$ 200</u>	<u>\$ 142,542</u>	<u>\$ 218,052</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ (200)	\$ 4,544	\$ 4,344
Fund balances, July 1	-	-	-	-	5,665	73,757	79,422
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,465</u>	<u>\$ 78,301</u>	<u>\$ 83,766</u>

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

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

READINGTON TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2023

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/22	Issued	Retired	Balance 06/30/23
			Date	Amount					
Refunding school bonds of 2013	10/09/13	\$ 7,905,000	01/01/24	\$ 660,000	3.13%	\$ 3,410,000	\$ -	\$ 640,000	\$ 2,770,000
			01/01/25	685,000	3.25%	-	-	-	-
			01/01/26	700,000	3.38%	-	-	-	-
			01/01/27	725,000	3.50%	-	-	-	-
Refunding school bonds of 2017	05/23/17	8,495,000	07/15/23	1,095,000	5.00%	5,750,000	-	1,045,000	4,705,000
			07/15/24	1,155,000	5.00%	-	-	-	-
			07/15/25	1,225,000	5.00%	-	-	-	-
			07/15/26	1,230,000	5.00%	-	-	-	-
						<u>\$ 9,160,000</u>	<u>\$ -</u>	<u>\$ 1,685,000</u>	<u>\$ 7,475,000</u>

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources - debt service tax levy	\$ 2,045,140	\$ -	\$ 2,045,140	\$ 2,045,140	\$ -
State sources - debt service aid	7,098	-	7,098	7,098	-
Total revenues	<u>2,052,238</u>	<u>-</u>	<u>2,052,238</u>	<u>2,052,238</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of bond principal	1,685,000	-	1,685,000	1,685,000	-
Interest on bonds	367,238	-	367,238	367,238	-
Total expenditures	<u>2,052,238</u>	<u>-</u>	<u>2,052,238</u>	<u>2,052,238</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

READINGTON TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

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

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Government activities										
Net investment in										
capital assets										
Restricted	\$ 19,567,989	\$ 21,148,418	\$ 21,870,825	\$ 23,434,089	\$ 26,063,244	\$ 27,329,544	\$ 28,443,477	\$ 30,432,087	\$ 32,047,605	\$ 33,606,957
Unrestricted	4,940,642	4,899,507	5,308,140	6,039,014	4,774,287	4,565,452	5,500,633	5,803,449	6,304,820	6,017,884
Total governmental activities	<u>(7,028,548)</u>	<u>(7,173,776)</u>	<u>(7,320,859)</u>	<u>(9,287,158)</u>	<u>(9,507,682)</u>	<u>(9,023,572)</u>	<u>(8,843,301)</u>	<u>(8,032,739)</u>	<u>(6,879,864)</u>	<u>(4,680,589)</u>
	<u>\$ 17,480,083</u>	<u>\$ 18,874,149</u>	<u>\$ 19,858,106</u>	<u>\$ 20,185,945</u>	<u>\$ 21,329,849</u>	<u>\$ 22,871,424</u>	<u>\$ 25,100,809</u>	<u>\$ 28,202,797</u>	<u>\$ 31,472,561</u>	<u>\$ 34,944,252</u>
							*			
Business-type activities										
Net investment in										
capital assets										
Unrestricted	\$ 39,990	\$ 34,979	\$ 29,968	\$ 29,229	\$ 24,325	\$ 57,736	\$ 49,423	\$ 41,655	\$ 109,243	\$ 108,499
Total business-type activities	117,147	85,779	130,949	172,229	171,111	132,026	115,435	139,356	268,134	342,036
	<u>\$ 157,137</u>	<u>\$ 120,758</u>	<u>\$ 160,917</u>	<u>\$ 201,458</u>	<u>\$ 195,436</u>	<u>\$ 189,762</u>	<u>\$ 164,858</u>	<u>\$ 181,011</u>	<u>\$ 377,377</u>	<u>\$ 450,535</u>
District-wide										
Net investment in										
capital assets										
Restricted	\$ 19,607,979	\$ 21,183,397	\$ 21,900,793	\$ 23,463,318	\$ 26,087,569	\$ 27,387,280	\$ 28,492,900	\$ 30,473,742	\$ 32,156,848	\$ 33,715,456
Unrestricted	4,940,642	4,899,507	5,308,140	6,039,014	4,774,287	4,565,452	5,500,633	5,803,449	6,304,820	6,017,884
Total district-wide	<u>(6,911,401)</u>	<u>(7,087,997)</u>	<u>(7,189,910)</u>	<u>(9,114,929)</u>	<u>(9,336,571)</u>	<u>(8,891,546)</u>	<u>(8,727,866)</u>	<u>(7,893,383)</u>	<u>(6,611,730)</u>	<u>(4,338,553)</u>
	<u>\$ 17,637,220</u>	<u>\$ 18,994,907</u>	<u>\$ 20,019,023</u>	<u>\$ 20,387,403</u>	<u>\$ 21,525,285</u>	<u>\$ 23,061,186</u>	<u>\$ 25,265,667</u>	<u>\$ 28,383,808</u>	<u>\$ 31,849,938</u>	<u>\$ 35,394,787</u>
							*			

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

* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 12,639,720	\$ 14,792,796	\$ 15,532,061	\$ 17,497,506	\$ 19,047,867	\$ 18,323,278	\$ 17,301,617	\$ 19,889,205	\$ 19,566,693	\$ 18,344,051
Special education	4,492,434	5,374,421	5,797,724	6,409,476	7,140,540	6,711,755	6,569,476	7,541,579	6,825,523	6,993,731
Other special education	1,178,118	1,354,506	1,410,624	1,733,351	1,680,881	1,672,180	1,459,568	1,782,799	1,655,310	1,983,871
Other instruction	384,880	381,331	425,542	445,971	484,552	439,310	509,542	217,292	399,566	523,682
Support services										
Tuition	708,273	787,923	583,148	602,237	975,604	1,075,150	935,044	762,399	675,274	781,921
Student and instruction related services	5,129,190	6,189,717	6,695,902	7,304,973	7,651,285	7,544,200	7,838,400	9,082,443	8,671,614	8,601,835
General and business administrative services	1,647,645	1,621,382	1,792,644	1,983,103	1,640,582	1,733,752	1,756,304	1,815,141	1,612,904	1,722,492
School administration	1,690,141	1,964,952	2,101,185	2,354,438	2,654,318	2,431,356	2,350,013	2,753,272	2,642,625	2,619,690
Plant operations and maintenance	2,556,242	2,413,523	2,505,463	2,623,557	2,810,879	2,794,372	2,879,796	2,981,426	3,082,678	3,144,398
Pupil transportation	2,054,985	1,714,418	1,571,941	1,851,479	2,042,716	1,906,964	1,743,300	1,872,310	1,974,575	1,905,536
Interest on long-term debt	809,984	842,475	802,887	649,110	657,835	421,416	421,510	370,342	305,984	245,293
Total governmental activities expenses	<u>33,291,612</u>	<u>37,437,444</u>	<u>39,219,121</u>	<u>43,455,201</u>	<u>46,787,059</u>	<u>45,053,733</u>	<u>43,764,570</u>	<u>49,068,208</u>	<u>47,412,746</u>	<u>46,866,500</u>
Business-type activities										
Food service	583,311	567,851	488,618	475,181	535,128	549,895	420,413	183,850	796,619	807,907
Summer program	23,962	20,901	17,509	15,676	10,677	13,153	9,393	-	12,023	15,344
Total business-type activities	<u>607,273</u>	<u>588,752</u>	<u>506,127</u>	<u>490,857</u>	<u>545,805</u>	<u>563,048</u>	<u>429,806</u>	<u>183,850</u>	<u>808,642</u>	<u>823,251</u>
Total district expenses	<u>\$ 33,898,885</u>	<u>\$ 38,026,196</u>	<u>\$ 39,725,248</u>	<u>\$ 43,946,058</u>	<u>\$ 47,332,864</u>	<u>\$ 45,616,781</u>	<u>\$ 44,194,376</u>	<u>\$ 49,252,058</u>	<u>\$ 48,221,388</u>	<u>\$ 47,689,751</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 54,359	\$ 76,222	\$ 51,592	\$ 54,865	\$ 49,299	\$ 108,943	\$ 106,760	\$ 68,609	\$ 117,788	\$ 107,455
Special education instruction	99,573	43,193	16,841	15,109	-	-	-	-	-	-
Student & instruction related services	116,750	117,918	120,276	121,044	150,154	150,844	185,757	184,659	111,224	213,528
Plant operations and maintenance	76,285	54,191	52,186	53,176	49,091	47,833	60,062	-	-	-
Pupil transportation	4,285	31,794	11,881	78,654	23,869	65,164	18,277	578	4,800	49,553
Operating grants and contributions	507,168	564,735	440,978	537,585	532,138	570,690	460,009	624,336	673,203	878,110
Capital grants and contributions	32,530	477,251	64,689	10,147	-	-	-	24,722	-	-
Total governmental activities	<u>890,950</u>	<u>1,365,304</u>	<u>758,443</u>	<u>870,580</u>	<u>804,551</u>	<u>943,474</u>	<u>830,865</u>	<u>902,904</u>	<u>907,015</u>	<u>1,248,646</u>
Business-type activities										
Charges for services										
Food service	397,259	418,003	411,684	401,220	408,719	425,936	285,918	1,997	116,368	538,366
Summer programs	21,225	20,350	22,483	14,235	8,007	13,843	8,180	-	22,000	29,720
Operating grants and contributions	98,764	113,326	111,606	114,565	117,972	115,944	109,131	196,942	866,452	317,164
Total business-type activities	<u>517,248</u>	<u>551,679</u>	<u>545,773</u>	<u>530,020</u>	<u>534,698</u>	<u>555,723</u>	<u>403,229</u>	<u>198,939</u>	<u>1,004,820</u>	<u>885,250</u>
Total district-wide program revenues	<u>\$ 1,408,198</u>	<u>\$ 1,916,983</u>	<u>\$ 1,304,216</u>	<u>\$ 1,400,600</u>	<u>\$ 1,339,249</u>	<u>\$ 1,499,197</u>	<u>\$ 1,234,094</u>	<u>\$ 1,101,843</u>	<u>\$ 1,911,835</u>	<u>\$ 2,133,896</u>
Net (expense) revenues										
Governmental activities	\$ (32,400,662)	\$ (36,072,140)	\$ (38,460,678)	\$ (42,584,621)	\$ (45,982,508)	\$ (44,110,259)	\$ (42,933,705)	\$ (48,165,304)	\$ (46,505,731)	\$ (45,617,854)
Business-type activities	(90,025)	(37,073)	39,646	39,163	(11,107)	(7,325)	(26,577)	15,089	196,178	61,999
Total District-wide net expenses	<u>\$ (32,490,687)</u>	<u>\$ (36,109,213)</u>	<u>\$ (38,421,032)</u>	<u>\$ (42,545,458)</u>	<u>\$ (45,993,615)</u>	<u>\$ (44,117,584)</u>	<u>\$ (42,960,282)</u>	<u>\$ (48,150,215)</u>	<u>\$ (46,309,553)</u>	<u>\$ (45,555,855)</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 26,582,012	\$ 26,582,012	\$ 26,643,599	\$ 26,906,853	\$ 27,444,990	\$ 28,788,825	\$ 29,566,452	\$ 30,237,361	\$ 30,842,108	\$ 31,433,950
Taxes levied for debt service	2,182,408	2,098,623	2,037,036	2,109,696	2,112,227	2,072,481	2,000,870	2,041,923	1,905,521	2,045,140
Unrestricted grants and contributions	4,157,942	8,644,779	10,549,409	13,619,700	17,432,113	14,636,797	13,399,683	18,929,918	16,974,563	15,321,122
Investment earnings	31,822	30,984	33,091	48,130	108,024	124,033	86,954	10,686	6,567	113,646
Miscellaneous income	136,924	109,808	155,465	219,980	29,058	61,699	34,395	47,404	49,290	178,767
Special item - gain (loss) on disposition of assets	6,565	-	26,035	8,101	-	(32,001)	-	-	(2,554)	(3,080)
Total governmental activities	<u>33,097,673</u>	<u>37,466,206</u>	<u>39,444,635</u>	<u>42,912,460</u>	<u>47,126,412</u>	<u>45,651,834</u>	<u>45,088,354</u>	<u>51,267,292</u>	<u>49,775,495</u>	<u>49,089,545</u>
Business-type activities										
Investment earnings	707	527	513	451	2,448	2,800	1,647	122	136	3,433
Miscellaneous income	6	167	-	927	2,637	68	26	942	52	7,726
Special item - gain (loss) on disposition of assets	-	-	-	-	-	(1,217)	-	-	-	-
Total business-type activities	<u>713</u>	<u>694</u>	<u>513</u>	<u>1,378</u>	<u>5,085</u>	<u>1,651</u>	<u>1,673</u>	<u>1,064</u>	<u>188</u>	<u>11,159</u>
Total district-wide	<u>\$ 33,098,386</u>	<u>\$ 37,466,900</u>	<u>\$ 39,445,148</u>	<u>\$ 42,913,838</u>	<u>\$ 47,131,497</u>	<u>\$ 45,653,485</u>	<u>\$ 45,090,027</u>	<u>\$ 51,268,356</u>	<u>\$ 49,775,683</u>	<u>\$ 49,100,704</u>
Change in net position										
Governmental activities	\$ 697,011	\$ 1,394,066	\$ 983,957	\$ 327,839	\$ 1,143,904	\$ 1,541,575	\$ 2,154,649	\$ 3,101,988	\$ 3,269,764	\$ 3,471,691
Business-type activities	(89,312)	(36,379)	40,159	40,541	(6,022)	(5,674)	(24,904)	16,153	196,366	73,158
Total district	<u>\$ 607,699</u>	<u>\$ 1,357,687</u>	<u>\$ 1,024,116</u>	<u>\$ 368,380</u>	<u>\$ 1,137,882</u>	<u>\$ 1,535,901</u>	<u>\$ 2,129,745</u>	<u>\$ 3,118,141</u>	<u>\$ 3,466,130</u>	<u>\$ 3,544,849</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Restricted	\$ 4,404,201	\$ 5,225,677	\$ 6,338,677	\$ 7,566,975	\$ 6,202,767	\$ 5,963,700	\$ 6,862,300	\$ 7,242,115	\$ 7,840,398	\$ 7,519,118
Committed	499,975	182,693	250,268	60,613	137,866	346,016	320,712	423,159	214,110	728,424
Assigned	56,696	-	-	-	19,169	43,876	112,871	84,555	-	379,101
Unassigned	582,415	606,312	605,781	536,855	572,145	643,595	622,417	929,834	923,805	1,043,003
Total general fund	<u>\$ 5,543,287</u>	<u>\$ 6,014,682</u>	<u>\$ 7,194,726</u>	<u>\$ 8,164,443</u>	<u>\$ 6,931,947</u>	<u>\$ 6,997,187</u>	<u>\$ 7,918,300</u>	<u>\$ 8,679,663</u>	<u>\$ 8,978,313</u>	<u>\$ 9,669,646</u>
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,736	\$ 67,200	\$ 79,422	\$ 83,766
Capital projects fund	1,920,494	1,204,618	1,591,939	340,922	332,562	332,562	103,356	-	-	-
Assigned, reported in										
Debt service fund	75,779	75,758	-	10,868	13,276	2,408	134,134	134,134	-	-
Total all other governmental funds	<u>\$ 1,996,273</u>	<u>\$ 1,280,376</u>	<u>\$ 1,591,939</u>	<u>\$ 351,790</u>	<u>\$ 345,838</u>	<u>\$ 334,970</u>	<u>\$ 312,226</u>	<u>\$ 201,334</u>	<u>\$ 79,422</u>	<u>\$ 83,766</u>

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

* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 28,764,420	\$ 28,680,635	\$ 28,680,635	\$ 29,016,549	\$ 29,557,217	\$ 30,861,306	\$ 31,567,322	\$ 32,279,284	\$ 32,747,629	\$ 33,479,090
Tuition charges	153,932	119,415	68,433	69,974	49,299	108,943	106,760	44,934	86,029	51,800
Transportation fees	2,740	30,651	5,300	4,410	6,225	7,960	5,200	460	4,800	8,500
Interest earnings	31,822	30,984	33,091	48,130	108,024	124,033	86,954	10,686	6,567	113,646
Local contributions	-	-	-	-	-	111,400	10,553	29,416	115,621	169,521
Miscellaneous	128,390	127,875	135,272	195,787	87,480	108,198	65,110	47,404	49,290	178,767
Rent and royalties	-	-	-	-	-	-	-	-	31,759	32,795
State sources	4,157,942	4,666,750	5,101,995	5,382,089	6,625,720	6,890,554	7,062,741	8,612,831	10,386,452	10,679,276
State sources - capital projects	32,530	477,251	64,689	10,147	-	-	-	24,722	-	-
Federal sources	506,572	515,143	430,168	516,647	546,780	484,565	464,504	632,889	655,897	974,295
Total revenues	33,778,348	34,648,704	34,519,583	35,243,733	36,980,745	38,696,959	39,369,144	41,682,626	44,084,044	45,687,690
Expenditures										
Instruction										
Regular instruction	8,865,777	8,561,728	8,409,875	8,667,280	8,718,908	9,045,229	8,888,124	9,028,723	9,591,796	9,307,615
Special education instr.	3,060,710	3,149,810	3,184,856	3,197,239	3,333,486	3,382,801	3,526,311	3,550,699	3,415,314	3,769,703
Other special instruction	771,403	728,214	731,952	824,762	731,185	782,227	720,714	747,424	772,178	937,580
Other instruction	275,295	265,499	279,355	272,258	279,909	276,648	268,225	129,123	277,998	289,452
Support services										
Tuition	347,447	435,836	275,801	264,619	578,543	714,126	585,044	405,098	309,140	373,230
Student & instructional related services	3,566,545	3,682,757	3,736,526	3,624,785	3,665,310	3,962,214	4,065,150	4,145,801	4,509,042	4,594,238
General administration	587,730	538,087	584,315	561,157	529,140	566,130	586,645	478,430	476,596	555,745
School admin. services	1,169,356	1,179,916	1,214,701	1,229,833	1,239,415	1,276,311	1,308,662	1,383,389	1,415,473	1,530,171
Central services	432,803	439,609	433,996	519,533	419,667	433,917	449,157	456,497	468,044	499,698
Administrative information technology	72,272	70,358	74,915	79,946	79,464	83,109	86,511	88,308	57,330	59,245
Plant operations and maintenance	2,300,029	2,133,662	2,171,537	2,224,999	2,368,661	2,416,326	2,497,818	2,578,424	2,788,312	2,845,655
Pupil transportation	1,867,199	1,252,666	1,094,538	1,249,673	1,444,239	1,408,947	1,277,936	1,312,660	1,494,894	1,429,931
Employee benefits	4,429,031	5,055,633	4,923,510	4,986,488	5,164,964	5,384,450	5,488,861	5,491,209	5,743,744	5,969,078
On-behalf TPAF Pension & Social Security contrib.	2,571,355	2,975,277	3,477,161	3,770,332	4,290,449	4,957,016	5,040,596	6,366,029	7,893,376	7,958,151
Capital outlay	661,251	493,343	522,825	551,660	852,571	1,224,172	1,217,562	2,098,425	1,807,265	1,731,620

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenditures (cont'd)										
Special revenue funds	\$ 507,168	\$ 564,735	\$ 440,978	\$ 537,585	\$ 532,138	\$ 570,690	\$ 460,009	\$ 655,067	\$ 772,205	\$ 1,020,852
Capital projects	176,406	1,193,127	319,761	1,658,181	8,360	-	-	-	-	-
Debt service										
Principal	1,331,887	1,315,000	1,370,000	1,410,000	3,375,000	1,495,000	1,470,000	1,565,000	1,620,000	1,685,000
Interest & other charges	873,119	857,949	817,774	785,904	607,784	663,274	608,186	551,849	494,599	435,049
Total expenditures	<u>33,866,783</u>	<u>34,893,206</u>	<u>34,064,376</u>	<u>36,416,234</u>	<u>38,219,193</u>	<u>38,642,587</u>	<u>38,545,511</u>	<u>41,032,155</u>	<u>43,907,306</u>	<u>44,992,013</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(88,435)</u>	<u>(244,502)</u>	<u>455,207</u>	<u>(1,172,501)</u>	<u>(1,238,448)</u>	<u>54,372</u>	<u>823,633</u>	<u>650,471</u>	<u>176,738</u>	<u>695,677</u>
Other financing sources (uses)										
Proceeds from bond issue & refunding bond issue	7,905,000	-	990,000	9,285,000	-	-	-	-	-	-
Premium on bond issue	279,024	-	-	1,276,745	-	-	-	-	-	-
Payments to refunding bond escrow agent	(8,085,319)	-	-	(9,667,777)	-	-	-	-	-	-
Proceeds from disposition of capital assets	6,565	-	46,400	8,101	-	-	-	-	-	-
Total other financing sources (uses)	<u>105,270</u>	<u>-</u>	<u>1,036,400</u>	<u>902,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 16,835</u>	<u>\$ (244,502)</u>	<u>\$ 1,491,607</u>	<u>\$ (270,432)</u>	<u>\$ (1,238,448)</u>	<u>\$ 54,372</u>	<u>\$ 823,633</u>	<u>\$ 650,471</u>	<u>\$ 176,738</u>	<u>\$ 695,677</u>
Debt service as a percentage of non-capital expenditures	7.15%	7.00%	7.05%	6.86%	11.93%	6.12%	5.90%	5.75%	5.29%	5.15%

Source: District Records

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Interest income	\$ 31,822	\$ 30,984	\$ 33,091	\$ 48,129	\$ 108,024	\$ 124,033	\$ 86,954	\$ 10,686	\$ 6,567	\$ 113,646
Tuition	153,932	119,415	68,434	69,974	49,299	108,943	106,760	44,934	86,029	51,800
Transportation fees	2,740	30,651	5,300	4,410	6,225	7,960	5,200	460	4,800	8,500
Building use rental income	51,842	43,863	44,585	43,881	42,692	46,499	30,715	-	31,759	32,795
Prior year refunds	14,616	-	-	4,246	1,812	16,548	12,761	31,205	6,151	500
Sale of surplus supplies	-	247	6,052	480	25	18,104	-	-	-	-
Prior year outstanding checks canceled	57	-	-	-	-	-	-	-	-	-
Prior year accounts payable canceled	-	-	-	-	283	-	-	-	-	-
E-rate telephone rebates	43,878	33,948	73,240	91,870	15,266	20,714	16,823	8,256	7,319	102,375
Sale of assets	-	-	-	-	1,445	1,349	4,765	4,330	15,956	72,944
Miscellaneous										
Account balances canceled	-	-	-	20,000	-	-	1	-	2,204	639
Refunds	-	-	360	-	55	-	-	-	14,121	-
Other	7,857	25	224	3,465	10,172	4,984	45	3,613	3,539	2,309
Annual totals	\$ 306,744	\$ 259,133	\$ 231,286	\$ 286,455	\$ 235,298	\$ 349,134	\$ 264,024	\$ 103,484	\$ 178,445	\$ 385,508

Source: District Records

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Vacant land	\$ 36,540,300	\$ 35,541,000	\$ 31,194,600	\$ 26,021,500	\$ 23,944,836	\$ 20,033,957	\$ 18,043,200	\$ 19,277,900	\$ 17,487,300	\$ 19,261,400
Residential	2,007,826,300	2,023,142,400	2,036,191,100	2,058,524,200	2,076,043,900	2,095,940,300	2,110,606,200	2,648,491,100	2,651,788,600	2,659,724,300
Farm regular	128,271,821	126,445,100	123,306,100	125,242,400	121,786,200	118,750,100	119,770,700	139,494,700	138,695,600	139,005,800
Q farm	4,235,707	4,213,574	4,726,655	4,674,248	5,022,757	4,691,100	4,975,400	4,648,900	4,728,700	4,709,900
Commercial	429,259,800	366,926,100	342,902,000	342,292,300	323,400,000	319,550,000	317,972,400	412,302,300	412,961,800	369,283,500
Industrial	51,486,800	51,486,800	53,386,800	53,912,800	53,912,800	53,912,800	53,912,800	81,410,200	83,360,200	83,473,000
Apartment	1,368,100	1,368,100	1,368,100	1,367,100	1,096,400	1,096,400	3,512,200	1,815,000	1,815,000	13,515,000
Total assessed value	2,658,988,828	2,609,123,074	2,593,075,355	2,612,034,548	2,605,206,893	2,613,974,657	2,628,792,900	3,307,440,100	3,310,837,200	3,288,972,900
Public utilities (a)	4,447,256	257,705	257,705	257,705	257,705	483,414	477,438	592,163	592,163	526,900
Net valuation taxable	\$ 2,663,436,084	\$ 2,609,380,779	\$ 2,593,333,060	\$ 2,612,292,253	\$ 2,605,464,598	\$ 2,614,458,071	\$ 2,629,270,338	\$ 3,308,032,263	\$ 3,311,429,363	\$ 3,289,499,800
Estimated actual county equalized value	\$ 3,105,323,638	\$ 2,980,105,960	\$ 3,078,505,532	\$ 3,233,436,382	\$ 3,207,910,119	\$ 3,200,465,260	\$ 3,258,887,379	\$ 3,180,517,266	\$ 3,538,986,174	\$ 3,731,283,802
Percentage of net valuation to estimated actual equalized value	85.77%	87.56%	84.24%	80.79%	81.22%	81.69%	80.68%	104.01%	93.57%	88.16%
Total direct school tax rate (b)	\$ 1.078	\$ 1.101	\$ 1.112	\$ 1.122	\$ 1.160	\$ 1.193	\$ 1.216	\$ 0.985	\$ 0.998	\$ 1.032
								*	*	*

Source: Municipal Tax Assessor

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

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

* Revaluation; Limited exemptions and abatements

See independent auditors' report.

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

Assessment Year	School District Direct Rate			Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	
2014	\$ 0.996	\$ 0.082	\$ 1.078	\$ 0.687	\$ 0.523	\$ 0.433	\$ 2.721
2015	1.020	0.081	1.101	0.692	0.539	0.423	2.755
2016	1.033	0.079	1.112	0.700	0.548	0.440	2.800
2017	1.040	0.082	1.122	0.715	0.573	0.458	2.868
2018	1.077	0.083	1.160	0.729	0.582	0.465	2.936
2019	1.113	0.080	1.193	0.738	0.592	0.460	2.983
2020	1.139	0.077	1.216	0.739	0.619	0.467	3.041
2021	* 0.923	0.062	0.985	0.592	0.508	0.362	2.447
2022	* 0.940	0.058	0.998	0.603	0.528	0.403	2.532
2023	* 0.969	0.063	1.032	0.612	0.528	0.427	2.599

Sources: Municipal Tax Collector

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

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.
- * Revaluation; Limited exemptions and abatements

See independent auditors' report.

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

	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Unicom Science Technology Park Inc.	\$ 87,776,400	1	2.67%	\$ -		0.00%
Oak St Real Est Cap	62,000,000	2	1.88%	-		0.00%
LFARMS ATTN: Steve Roth	20,602,800	3	0.63%	-		0.00%
Readington Commons	11,700,000	4	0.36%	-		0.00%
Whitehouse Mall	11,500,000	5	0.35%	6,587,400	7	0.25%
Individual Property Owner #1	9,955,300	6	0.30%	9,845,000	5	0.37%
Salem Realty II LLC	9,607,000	7	0.29%	5,540,000	9	0.21%
Transcontinental Gas Pipeline	9,592,600	8	0.29%	8,274,600	6	0.31%
Branchburg Rte 22 LLC	8,580,000	9	0.26%	-		0.00%
Mill Rd Dairy Holdings LLC	6,973,200	10	0.21%	-		0.00%
Merck & Co	-		0.00%	215,389,800	1	8.09%
Federal Insurance Co	-		0.00%	55,507,800	2	2.08%
Toll NJ I LLC	-		0.00%	19,884,100	3	0.75%
Lamington River Farms	-		0.00%	12,304,000	4	0.46%
Somerville Associates	-		0.00%	5,700,000	8	0.21%
Bishop & Bishop Land Partnership	-		0.00%	5,539,700	10	0.21%
	<u>\$ 238,287,300</u>		<u>7.24%</u>	<u>\$ 344,572,400</u>		<u>12.94%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Fiscal Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2014	\$ 28,764,420	\$ 28,764,420	100.00%
2015	28,680,635	28,680,635	100.00%
2016	28,680,635	28,680,635	100.00%
2017	29,016,549	29,016,549	100.00%
2018	29,557,217	29,557,217	100.00%
2019	30,861,306	30,861,306	100.00%
2020	31,567,322	31,567,322	100.00%
2021	32,279,284	32,279,284	100.00%
2022	32,747,629	32,747,629	100.00%
2023	33,479,090	33,479,090	100.00%

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

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases					
2014	\$ 21,990,000	\$ -	\$ -	\$ -	\$ -	\$ 21,990,000	1.83%	\$ 1,378
2015	20,675,000	-	-	-	-	20,675,000	1.65%	1,299
2016	20,295,000	-	-	-	-	20,295,000	1.57%	1,275
2017	18,685,000	-	-	-	-	18,685,000	1.40%	1,176
2018	15,310,000	-	-	-	-	15,310,000	1.13%	961
2019	13,815,000	-	-	-	-	13,815,000	0.99%	870
2020	12,345,000	-	-	-	-	12,345,000	0.85%	778
2021	10,780,000	-	-	-	-	10,780,000	0.71%	680
2022	9,160,000	-	-	-	-	9,160,000	0.56%	565
2023	7,475,000	-	-	-	-	7,475,000	N/A	459

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

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2014	\$ 21,990,000	\$ -	\$ 21,990,000	0.83%	\$ 1,378
2015	20,675,000	-	20,675,000	0.79%	1,299
2016	20,295,000	-	20,295,000	0.78%	1,275
2017	18,685,000	-	18,685,000	0.72%	1,176
2018	15,310,000	-	15,310,000	0.59%	961
2019	13,815,000	-	13,815,000	0.53%	870
2020	12,345,000	-	12,345,000	0.47%	778
2021	10,780,000	-	10,780,000	0.33%	680
2022	9,160,000	-	9,160,000	0.28%	565
2023	7,475,000	-	7,475,000	0.23%	459

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

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

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

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2022

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Debt
Governmental Unit			
Debt repaid with property taxes			
Municipality	\$ 40,948,677	100.00%	\$ 40,948,677
Regional High School	-	33.60%	-
County general obligation debt	74,164,045	14.96%	11,092,646
Subtotal, overlapping debt			52,041,323
School district direct debt			8,115,000
Total direct and overlapping debt			\$ 60,156,323

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized Valuation Basis
	2022 \$ 3,755,486,842
	2021 3,534,722,774
	2020 3,164,551,463
	\$ 10,454,761,079
Average equalized valuation of taxable property	\$ 3,484,920,360
Debt limit (3.0% of average equalization value)	\$ 104,547,611
Total net debt applicable to limit	7,475,000
Legal debt margin	\$ 97,072,611

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt limit	\$ 96,147,874	\$ 96,450,669	\$ 95,936,209	\$ 99,392,056	\$ 104,547,611
Total net debt applicable	13,815,000	12,345,000	10,780,000	9,160,000	7,475,000
Legal debt margin	\$ 82,332,874	\$ 84,105,669	\$ 85,156,209	\$ 90,232,056	\$ 97,072,611
Total net debt applicable to the limit as a percentage of debt limit	14.37%	12.80%	11.24%	9.22%	7.15%

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 95,592,158	\$ 93,296,350	\$ 92,221,774	\$ 93,436,605	\$ 95,228,990
Total net debt applicable	21,990,000	20,675,000	20,295,000	18,685,000	15,310,000
Legal debt margin	\$ 73,602,158	\$ 72,621,350	\$ 71,926,774	\$ 74,751,605	\$ 79,918,990
Total net debt applicable to the limit as a percentage of debt limit	23.00%	22.16%	22.01%	20.00%	16.08%

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

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

See independent auditors' report.

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

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2014	15,960	\$ 1,200,431,400	\$ 75,215	4.7%
2015	15,913	1,254,931,006	78,862	3.9%
2016	15,913	1,288,650,653	80,981	3.7%
2017	15,887	1,330,742,781	83,763	3.7%
2018	15,927	1,352,393,424	84,912	3.2%
2019	15,882	1,396,567,788	87,934	2.7%
2020	15,872	1,459,366,912	91,946	7.3%
2021	15,863	1,508,380,944	95,088	4.8%
2022	16,218	1,626,470,784	100,288	2.8%
2023	16,277	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the Municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2020 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

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

2023

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2014

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	126.4	117.7	109.0	122.5	117.4	125.8	121.2	119.1	122.1	120.5
Special education	76.5	66.1	55.0	60.0	70.3	67.2	67.2	71.2	74.2	71.7
Other special education	11.5	10.5	10.5	11.5	10.3	10.0	10.0	9.0	10.0	11.0
Support services										
Student and instruction related services	43.8	60.3	55.8	49.0	51.4	53.9	54.0	58.0	57.0	49.9
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administration services	15.5	16.0	15.0	16.0	16.0	16.0	16.0	16.0	16.0	15.0
Other administration services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Central services	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	7.0
Administrative information technology	1.0	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	13.3	15.0	11.5	11.0	10.0	10.0	10.0	10.0	10.0	11.0
Pupil transportation	19.4	21.0	21.0	19.0	14.0	15.0	17.0	13.9	12.5	14.3
Total	316.4	317.1	287.8	299.0	299.4	307.9	305.4	306.2	309.8	303.4

Source: District Personnel Records

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	1,780	\$ 30,824,120	\$ 17,317	3.83%	195	1 to 9.13	1,777.9	1,706.0	-3.59%	95.96%
2015	1,752	31,033,787	17,713	2.29%	196	1 to 8.94	1,754.8	1,684.0	-1.30%	95.97%
2016	1,690	31,034,016	18,363	3.67%	195	1 to 8.67	1,689.5	1,622.8	-3.72%	96.05%
2017	1,620	32,010,489	19,760	7.61%	191	1 to 8.48	1,609.2	1,549.2	-4.75%	96.27%
2018	1,528	33,375,478	21,843	10.54%	198	1 to 7.72	1,512.8	1,452.0	-5.99%	95.98%
2019	1,509	35,260,141	23,367	6.98%	203	1 to 7.43	1,490.0	1,430.0	-1.51%	95.97%
2020	1,490	35,249,763	23,658	1.25%	198	1 to 7.53	1,476.5	1,429.4	-0.91%	96.81%
2021	1,402	36,816,881	26,260	10.99%	192	1 to 7.30	1,412.2	1,379.6	-4.35%	97.69%
2022	1,430	39,985,442	27,962	6.48%	198	1 to 7.22	1,432.1	1,366.7	1.41%	95.44%
2023	1,406	41,140,344	29,261	4.64%	193	1 to 7.28	1,409.8	1,333.0	-1.56%	94.55%

Source: District Records

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

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Elementary										
Whitehouse School (1916)										
Square feet	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333	73,333
Capacity (students)	531	531	531	531	531	531	531	531	531	531
Enrollment	342	352	341	331	303	303	307	311	318	322
Three Bridges School (1950)										
Square feet	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435	61,435
Capacity (students)	445	445	445	445	445	445	445	445	445	445
Enrollment	317	333	320	321	301	330	303	276	288	287
Holland Brook School (1999)										
Square feet	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150	90,150
Capacity (students)	653	653	653	653	653	653	653	653	653	653
Enrollment	405	378	372	361	335	321	330	319	299	305
Middle										
Readington Middle School (1962)										
Square feet	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536	121,536
Capacity (students)	832	832	832	832	832	832	832	832	832	832
Enrollment	709	688	641	607	577	555	532	496	525	492

Number of schools at June 30, 2023:

Elementary	3
Middle	1

Source: District Facilities Office

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

See independent auditors' report.

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

Undistributed Expenditures - Required Maintenance for School Facilities

Fiscal Year Ending	*School Facilities				Total
	Three Bridges School	Whitehouse School	Holland Brook School	Readington Middle School	
2014	\$ 146,587	\$ 100,587	\$ 124,561	\$ 188,397	\$ 560,132
2015	91,615	85,736	108,262	159,699	445,312
2016	90,478	90,458	127,052	177,695	485,683
2017	82,333	83,136	120,859	149,677	436,005
2018	115,113	89,246	128,967	170,199	503,525
2019	100,041	120,892	117,575	177,799	516,307
2020	159,080	93,858	111,702	197,616	562,256
2021	122,499	126,670	164,087	207,371	620,627
2022	130,801	138,059	188,990	244,448	702,298
2023	117,011	174,159	132,307	199,867	623,344
Total school facilities	<u>\$ 1,155,558</u>	<u>\$ 1,102,801</u>	<u>\$ 1,324,362</u>	<u>\$ 1,872,768</u>	<u>\$ 5,455,489</u>

Source: District Records

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

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2023
(Unaudited)

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

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Readington Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

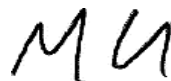
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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



BKC, CPAs, PC



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

November 21, 2023
Flemington, New Jersey



Certified Public Accountants, PC
www.bkc-cpa.com

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

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Readington Township School District's (the District) compliance with the types of compliance requirements as subject to audit in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



BKC, CPAs, PC



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

November 21, 2023
Flemington, New Jersey

SUPPLEMENTARY INFORMATION

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2023

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/22	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/ Repayment of Prior Year Balance	Balance June 30, 2023		
					From	To						Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Departments of Education and Health & Human Services														
General Fund														
Medical Assistance Program (SEMI cluster)	93.778	2205NJ5MAP	N/A	\$ 30,774	07/01/22	06/30/23	\$ -	\$ -	\$ 30,774	\$ 30,774	\$ -	\$ -	\$ -	\$ -
U.S. Department of Homeland Security														
General Fund														
FEMA	97.036	Not Available	FEMA-4350-23	107,582	07/01/22	06/30/23	-	-	107,582	107,582	-	-	-	-
Total General Fund							-	-	138,356	138,356	-	-	-	-
U.S. Department of Education passed through State Department of Education														
Special Revenue Fund														
Special Education Cluster														
IDEA Basic	84.027A	H027A210100	IDEA-4350-22	369,487	07/01/21	06/30/22	(4)	(32,865)	32,869	-	-	-	-	-
IDEA Basic Carryover	85.027A	H027A210100	IDEA-4350-22	369,487	07/01/21	06/30/22	-	32,865	-	32,865	-	-	-	-
IDEA Basic	84.027A	H027A220100	IDEA-4350-23	369,795	07/01/22	06/30/23	-	-	362,021	369,795	-	(7,774)	-	-
IDEA Preschool	84.173A	H173S220114	IDEA-4350-23	15,031	07/01/22	06/30/23	-	-	15,031	15,031	-	-	-	-
Total Special Education Cluster							(4)	-	409,921	417,691	-	(7,774)	-	-
ESSA Title I A	84.010	S010A200030	ESSA-4350-21	8,525	07/01/20	06/30/21	(1,720)	-	1,720	-	-	-	-	-
ESSA Title I A	84.010	S010A210030	ESSA-4350-22	50,265	07/01/21	06/30/22	(300)	-	300	-	-	-	-	-
ESSA Title I A	84.010	S010A220030	ESSA-4350-23	86,481	07/01/22	06/30/23	-	-	70,437	70,437	-	-	-	-
ESSA Title II A	84.367A	S367A220029	ESSA-4350-23	22,868	07/01/22	06/30/23	-	-	18,999	18,999	-	-	-	-
ESSA Title III Consortium	84.365	S365A200030	ESSA-4350-21	13,036	07/01/20	06/30/21	(362)	-	362	-	-	-	-	-
ESSA Title III Consortium	84.365	S365A210030	ESSA-4350-22	17,585	07/01/21	06/30/22	(10,543)	(4,545)	15,088	-	-	-	-	-
ESSA Title III Consortium Carryover	84.365	S365A220030	ESSA-4350-23	17,585	07/01/21	06/30/22	-	4,545	-	4,545	-	-	-	-
ESSA Title III Consortium	84.365	S365A220030	ESSA-4350-23	16,562	07/01/22	06/30/23	-	-	9,464	9,464	-	-	-	-
ESSA Title III Immigrant	84.365	S365A220030	ESSA-4350-23	2,674	07/01/22	06/30/23	-	-	2,674	2,674	-	-	-	-
ESSA Title IV	84.424A	S365A220030	ESSA-4350-23	10,000	07/01/22	06/30/23	-	-	10,000	10,000	-	-	-	-
COVID-19														
ARP IDEA Basic	84.027X	H027X210100	ARP-4350-22	61,716	07/01/21	06/30/22	(510)	-	12,240	11,730	-	-	-	-
CRRSA - ESSER II	84.425D	S425D210027	CRRSA-4350-23	164,767	03/13/20	09/30/23	(60,646)	-	121,497	60,851	-	-	-	-
CRRSA - Learning Acceleration	84.425D	S425D210027	CRRSA-4350-23	25,000	03/13/20	09/30/23	(18,750)	-	19,000	250	-	-	-	-
CRRSA - Mental Health	84.425D	S425D210027	CRRSA-4350-23	45,000	03/13/20	09/30/23	(9,201)	-	39,473	30,272	-	-	-	-
ARP - ESSER														
ARP - ESSER	84.425U	S425U210027	ESSER-4350-24	370,303	03/13/20	09/30/24	(21,547)	-	187,210	165,663	-	-	-	-
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	ESSER-4350-24	118,311	03/13/20	09/30/24	-	-	11,250	11,250	-	-	-	-
Evidenced Based Summer Learning and Enrichment	84.425U	S425U210027	ESSER-4350-24	40,000	03/13/20	09/30/24	-	-	-	8,896	-	(8,896)	-	-
Evidenced Based Comprehensive Beyond the School Day	84.425U	S425U210027	ESSER-4350-24	40,000	03/13/20	09/30/24	(17,780)	-	30,997	13,217	-	-	-	-
Total Special Revenue Fund							(141,363)	-	960,632	835,939	-	(16,670)	-	-

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2023

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/22	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/Repayment of Prior Year Balance	Balance June 30, 2023		
					From	To						Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund														
Child Nutrition Cluster														
National School Lunch Program														
Non-Cash Assistance (Commodities)	10.555	221NJ304N1099	N/A	\$ 46,425	10/01/21	09/30/22	\$ 1,908	\$ -	\$ -	\$ 1,908	\$ -	\$ -	\$ -	\$ -
Non-Cash Assistance (Commodities)	10.555	231NJ304N1199	N/A	61,197	10/01/22	09/30/23	-	-	61,197	59,043	-	-	2,154	-
Cash Assistance	10.555	221NJ304N1099	N/A	651,352	10/01/21	09/30/22	(57,341)	-	57,341	-	-	-	-	-
Cash Assistance	10.555	231NJ304N1199	N/A	159,620	10/01/22	09/30/23	-	-	145,945	159,620	-	(13,675)	-	-
National School Breakfast Program	10.553	221NJ304N1099	N/A	147,798	10/01/21	09/30/22	(11,040)	-	11,040	-	-	-	-	-
National School Breakfast Program	10.553	231NJ304N1199	N/A	10,430	10/01/22	09/30/23	-	-	9,410	10,430	-	(1,020)	-	-
Total Child Nutrition Cluster							(66,473)	-	284,933	231,001	-	(14,695)	2,154	-
Supply Chain Assistance	10.555	231NJ304N1199	N/A	77,182	07/01/22	06/30/23	-	-	77,182	77,182	-	-	-	-
Total Enterprise Fund							(66,473)	-	362,115	308,183	-	(14,695)	2,154	-
Total Federal Financial Assistance							\$ (207,836)	\$ -	\$ 1,461,103	\$ 1,282,478	\$ -	\$ (31,365)	\$ 2,154	\$ -

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2023

n Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Repayment	Balance June 30, 2023			Memo	
			From	To	Unearned Rev. (Accts. Rec)	Due to Grantor			of Prior Year Balances	Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	23-495-034-5120-089	\$ 1,450,349	07/01/22	06/30/23	\$ -	\$ -	\$ 1,310,876	\$ 1,450,349	\$ -	\$ -	\$ -	\$ -	\$ 139,473	\$ 1,450,349
Security Aid	23-495-034-5120-084	131,226	07/01/22	06/30/23	-	-	118,607	131,226	-	-	-	-	12,619	131,226
Transportation Aid	23-495-034-5120-014	558,611	07/01/22	06/30/23	-	-	504,892	558,611	-	-	-	-	53,719	558,611
Extraordinary Special Education Costs Aid	22-495-034-5120-044	426,429	07/01/21	06/30/22	(426,429)	-	426,429	-	-	-	-	-	-	426,429
Extraordinary Special Education Costs Aid	23-495-034-5120-044	544,951	07/01/22	06/30/23	-	-	-	544,951	-	(544,951)	-	-	-	544,951
Non-Public Transportation Aid	22-495-034-5120-014	20,300	07/01/21	06/30/22	(20,300)	-	20,300	-	-	-	-	-	-	20,300
Non-Public Transportation Aid	23-495-034-5120-014	24,648	07/01/22	06/30/23	-	-	-	24,648	-	(24,648)	-	-	-	24,648
Lead Testing for Schools Aid	23-495-034-5120-104	3,494	07/01/22	06/30/23	-	-	3,494	3,494	-	-	-	-	-	3,494
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001	1,416,412	07/01/22	06/30/23	-	-	1,416,412	1,416,412	-	-	-	-	-	1,416,412
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004	73,781	07/01/22	06/30/23	-	-	73,781	73,781	-	-	-	-	-	73,781
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002	5,318,016	07/01/22	06/30/23	-	-	5,318,016	5,318,016	-	-	-	-	-	5,318,016
On-Behalf TPAF Pension Contribution - Long-Term Disability	23-495-034-5094-004	1,865	07/01/22	06/30/23	-	-	1,865	1,865	-	-	-	-	-	1,865
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	1,104,109	07/01/21	06/30/22	(54,618)	-	54,618	-	-	-	-	-	-	1,104,109
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	1,148,077	07/01/22	06/30/23	-	-	1,033,774	1,148,077	-	(114,303)	-	-	-	1,148,077
Total General Fund					(501,347)	-	10,283,064	10,671,430	-	(683,902)	-	-	205,811	12,222,268

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B (continued)
For the Fiscal Year Ended June 30, 2023

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balances	Balance June 30, 2023			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
Special Revenue Fund														
School Climate	23-WB01-G02	\$ 6,660	07/01/22	06/30/23	\$ -	\$ -	\$ 6,660	\$ 6,660	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,660
SDA Emergent and Capital Maintenance Needs	23-100-034-5120-519	32,998	07/01/22	06/30/23	-	-	32,998	32,998	-	-	-	-	-	32,998
Total Special Revenue Fund					-	-	39,658	39,658	-	-	-	-	-	39,658
State Department of Education														
Debt Service Fund														
Debt Service Aid - State Support	23-495-034-5120-017	7,098	07/01/22	06/30/23	-	-	7,098	7,098	-	-	-	-	-	7,098
Total Debt Service Fund					-	-	7,098	7,098	-	-	-	-	-	7,098
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	22-100-010-3350-023	15,157	07/01/21	06/30/22	(1,320)	-	1,320	-	-	-	-	-	-	15,157
State School Lunch Program	23-100-010-3350-023	8,820	07/01/22	06/30/23	-	-	8,072	8,820	-	(748)	-	-	-	8,820
State School Breakfast Program	23-100-010-3350-023	161	07/01/22	06/30/23	-	-	142	161	-	(19)	-	-	-	161
Total Enterprise Fund					(1,320)	-	9,534	8,981	-	(767)	-	-	-	24,138
Total State Financial Assistance					\$ (502,667)	\$ -	\$ 10,339,354	10,727,167	\$ -	\$ (684,669)	\$ -	\$ -	\$ 205,811	\$ 12,293,162
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution -														
Teachers' Pension & Annuity Fund	23-495-034-5094-002							5,318,016						
On-Behalf TPAF Pension Contribution -														
Non-Contributory Insurance	23-495-034-5094-004							73,781						
On-Behalf TPAF Pension Contribution -														
Postretirement Medical	23-495-034-5094-001							1,416,412						
On-Behalf TPAF Pension Contribution -														
Long-Term Disability Insurance	23-495-034-5094-004							1,865						
Total for State Financial Assistance - Major Program Determination								\$ 3,917,093						

See independent auditors' report.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2023

Note 1 - General

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

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$18,988) for the general fund, and (\$19,922) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

READINGTON TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2023

Note 3 - Relationship of financial statements (continued)

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

	Federal	State	Total
General fund	\$ 138,356	\$ 10,652,442	\$ 10,790,998
Special revenue fund	835,939	19,736	855,675
Debt service fund	-	7,098	7,098
Food service fund	308,183	8,981	317,164
Total awards and financial assistance	<u>\$ 1,282,478</u>	<u>\$ 10,688,257</u>	<u>\$ 11,970,735</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2023. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the fiscal year ended June 30, 2023.

Note 6 - Indirect costs

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

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

**READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

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

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Internal Control Over Major Programs:

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

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

Unmodified

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)?

Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
		<u>IDEA Special Education Cluster</u>
<u>84.027A</u>	<u>H027A230100</u>	<u>IDEA Basic</u>
<u>84.173A</u>	<u>H173S230114</u>	<u>IDEA Preschool</u>

What was the dollar threshold used to distinguish between Type A and Type B programs?

\$750,000

Did the auditee qualify as a low-risk auditee?

Yes No

READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

State Grant/Project Numbers	Name of State Program
<i>23-495-034-5120-089</i>	<i>State Aid Public Cluster:</i>
<i>23-495-034-5120-084</i>	<i>Special Education Categorical Aid</i>
<i>23-495-034-5094-003</i>	<i>Security Aid</i>
<i>23-495-034-5094-003</i>	<i>Reimbursed TPAF Social Security Contributions</i>

**READINGTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023**

Section II - Financial Statement Findings

There were no findings or questioned costs for the fiscal year ended June 30, 2023.

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

There were no findings or questioned costs for the fiscal year ended June 30, 2023.

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**READINGTON TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2023**

Status of Prior Year Findings

There were no prior year audit findings/recommendations.