

**SCHOOL DISTRICT**  
**OF**  
**WASHINGTON BOROUGH**

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

**Annual Comprehensive Financial Report**  
**For The Fiscal Year Ended June 30, 2023**

**Annual Comprehensive**

**Financial Report**

**of the**

**Washington Borough School District**

**Board of Education**

**Washington, New Jersey**

**For the Fiscal Year Ending June 30, 2023**

**Prepared by**

**Washington Borough School District**

**Board of Education**

**Finance Department**

# OUTLINE OF ACFR

## INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1
Organizational Chart	2
Roster of Officials	3
Consultants and Advisors	4

## FINANCIAL SECTION

<b>Independent Auditor's Report</b>	7-9
<b>Required Supplementary Information – Part I Management’s Discussion and Analysis</b>	11-18
<b>Basic Financial Statements</b>	
A. District-Wide Financial Statements:	
A-1 Statement of Net Position	21
A-2 Statement of Activities	22
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	25
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	28
B-6 Statement of Cash Flows	29
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A
<b>Notes to the Financial Statements</b>	31-60
<b>Required Supplementary Information – Part II</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	63-69
C1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Block Development Grant (CDBG) – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	70
<b>Notes to Required Supplementary Information - Part II</b>	
C-3 Budget-to-GAAP Reconciliation	71

## OUTLINE OF ACFR

<b>Required Supplementary Information – Part III</b>	<u>Page</u>
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1/L- Schedule of the District's Proportionate Share of the Net Pension Liability	72
L-2 Schedule of District Contributions	73
M. Schedules Related to Accounting and Reporting for Other Post Employment Benefits	
M-1 Schedule of Changes in the State's Total OPEB Liability and Related Ratios (TPAF and PERS)	74
<b>Notes to Required Supplementary Information - Part III</b>	75
 <b>Other Supplementary Information</b>	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund – Budgetary Basis	78
E-2 Schedule(s) of Preschool Education Aid Expenditures – Preschool-All Programs- Budgetary Basis	79
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues and Expenditures	N/A
F-2a Schedule of Project Revenues, Expenditures, Project Balance, and Project Status-Budgetary Basis-Detail Project	N/A
G. Proprietary Funds	
Enterprise Fund:	
G-1 Combining Statement of Net Position	See B-4
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	See B-5
G-3 Combining Statement of Cash Flows	See B-6
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A

## OUTLINE OF ACFR

<b>Other Supplementary Information-(Continued)</b>		<u>Page</u>
H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Position	N/A
H-2	Combining Statement of Changes in Fiduciary Net Position	N/A
I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds	84
I-2	Schedule of Obligations Under Capital Leases	N/A
I-3	Budgetary Comparison Schedule Debt Service Fund	85

## STATISTICAL SECTION (Unaudited)

### Introduction to the Statistical Section

#### Financial Trends

J-1	Net Position by Component	87
J-2	Changes in Net Position	88-89
J-3	Fund Balances - Governmental Funds	90
J-4	Changes in Fund Balances - Governmental Funds	91
J-5	General Fund Other Local Revenue by Source	92

#### Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	93
J-7	Direct and Overlapping Property Tax Rates	94
J-8	Principal Property Taxpayers	95
J-9	Property Tax Levies and Collections	96

#### Debt Capacity

J-10	Ratios of Outstanding Debt by Type	97
J-11	Ratios of General Bonded Debt Outstanding	98
J-12	Direct and Overlapping Governmental Activities Debt	99
J-13	Legal Debt Margin Information	100

#### Demographic and Economic Information

J-14	Demographic and Economic Statistics	101
J-15	Principal Employers	102

#### Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	103
J-17	Operating Statistics	104
J-18	School Building Information	105
J-19	Schedule of Required Maintenance Expenditures by School Facility	106
J-20	Insurance Schedule	107

## OUTLINE OF ACFR

SINGLE AUDIT SECTION		<u>Page</u>
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	109-110
K-2	Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by <i>Uniform Guidance</i> and <i>New Jersey OMB's circular 15-08</i>	111-113
K-3	Schedule of Expenditures of Federal Awards, Schedule A	114
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	115
K-5	Notes to the Schedules of Awards and Financial Assistance	116-117
K-6	Schedule of Findings and Questioned Costs	118-120
K-7	Summary Schedule of Prior Audit Findings	121

# **Introductory Section**

**WASHINGTON BOROUGH PUBLIC SCHOOLS**  
**Earl Jenkins, Acting Superintendent of Schools**  
**Tim Mantz, Business Administrator**

---

**Memorial School ~ 300 West Stewart Street ~ Washington, NJ 07882**  
**Tel (908) 689-0241 ~ Fax (908) 689-8269**  
**Taylor Street School ~ 16-24 Taylor Street ~ Washington, NJ 07882**  
**Tel (908) 689-0091 ~ Fax (908) 689-8273**

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

October 2023

Dear Board Members:

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

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

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



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

The District provided a full range of educational services appropriate to grade level PreK through 6. This included regular, as well as special education for handicapped students. The District completed the 2022-23 fiscal year with an enrollment of 567 students. The following details the changes in the student enrollment of the District over the last twenty years.

### Average Daily Enrollment

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2013-14	560	1.8%
2014-15	566	1.07%
2015-16	548	(3.18%)
2016-17	502	(8.39%)
2017-18	476	(5.18%)
2018-19	493	3.57%
2019-20	495	.41%
2020-21	501	1.21%
2021-22	512	2.20%
2022-23	567	10.7%

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

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

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

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

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

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

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

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

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

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

6) **DEBT ADMINISTRATION:** At June 30, 2023 the district's outstanding debt is \$ 1,909,700.

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

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

10) **OTHER INFORMATION:**

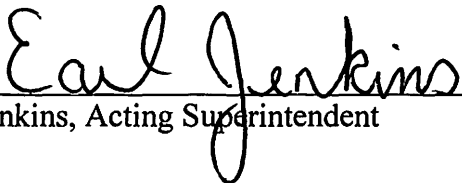
(A) Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Ardito and Company, L.L.P., Accountants and Auditors was appointed by the Washington Borough Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB "Uniform Guidance" and State Treasury Circular Letter 15-08.

The auditor's report on the general purpose financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

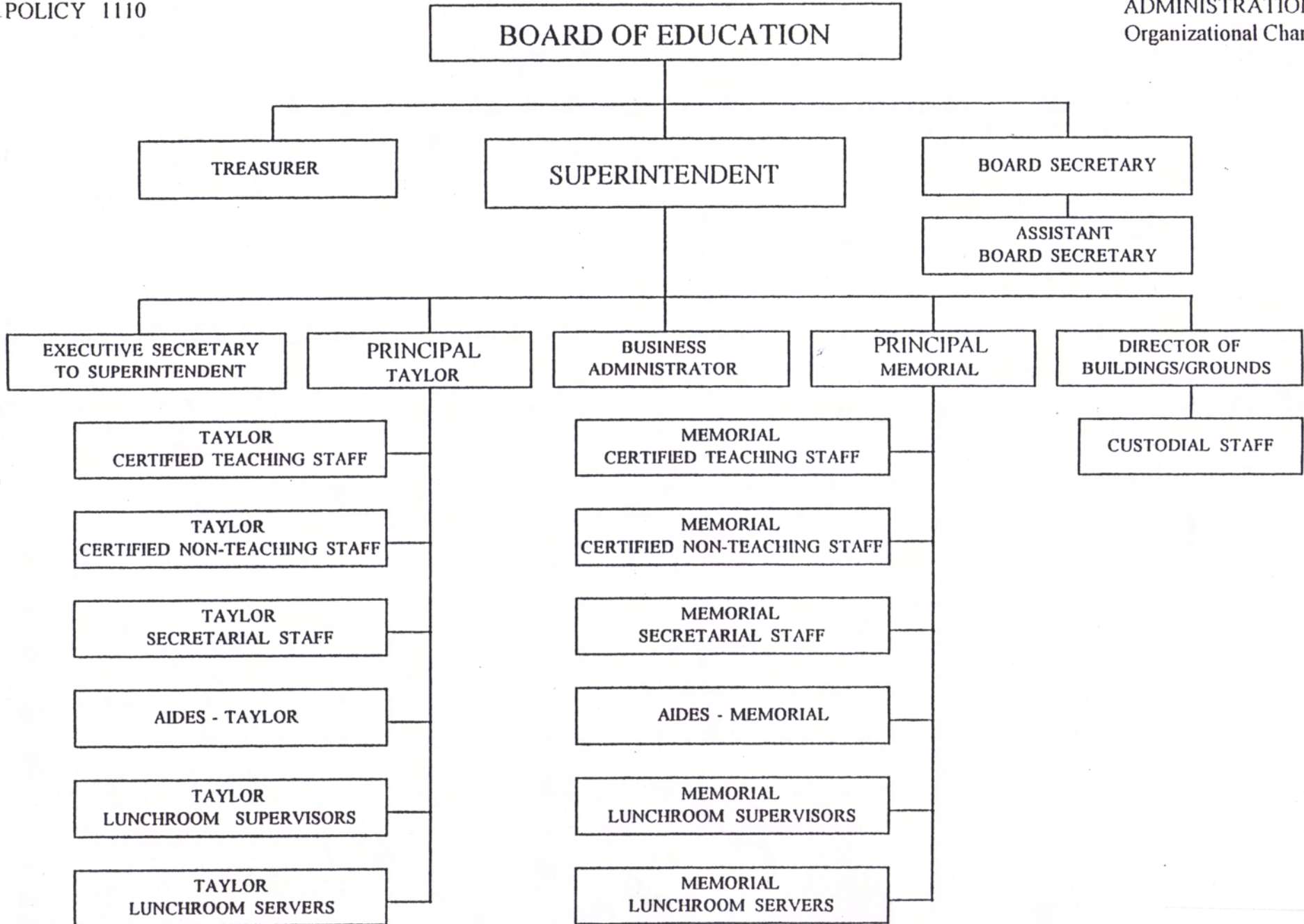
11) ACKNOWLEDGMENTS:

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

Respectfully submitted,

  
\_\_\_\_\_  
Earl Jenkins, Acting Superintendent

  
\_\_\_\_\_  
Tim Mantz, School Business Administrator



2

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

WASHINGTON BOROUGH SCHOOL DISTRICT  
BOARD OF EDUCATION

ROSTER OF OFFICIALS

June 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Bartley Howley, <i>President</i>	2023
Melissa Vitalos, <i>Vice-President</i>	2024
Lisa Eller	2025
Joseph Kresefsky	2024
Ya'el Kresefsky	2024
Carmine Freda	2023
Holly Masenior	2025
Dawn Higgins	2023
Angela Bridygham	2025

Other Officials

Jacqueline Nassry, *Superintendent*

Tim Mantz, *Business Administrator/Board Secretary*

Jessica L. Hanics, *Treasurer*

John M. Zaiter, Esquire, *Solicitor*

**WASHINGTON BOROUGH SCHOOL DISTRICT  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**ARCHITECT**

**The Spieze Architectural Group**  
120 Sanhican Drive  
Trenton, NJ 08618

**AUDIT FIRM**

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

**ATTORNEY**

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

**OFFICIAL DEPOSITORIES**

**PNC Bank**  
Washington, New Jersey 07882

## **Financial Section**

# **Independent Auditor's Report**





# **ARDITO & COMPANY LLC**

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
908-996-4711 Fax: 908-996-4688  
e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA

## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington Borough School District Board of Education, as of and for the year ended June 30, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington Borough School District Board of Education, as of June 30, 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 Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

-Continued-

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington Borough School District Board of Education's basic financial statements. The combining and individual non-

-Continued-

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* the District's internal control over financial reporting and compliance.

*Ardito & Company LLC*

**ARDITO & COMPANY LLC**

Frenchtown, New Jersey

October 26, 2023

*Anthony Ardito*

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

**ARDITO & COMPANY LLC**

Frenchtown, New Jersey

October 26, 2023

**Required Supplementary Information - Part I**

**Management's Discussion and Analysis**

WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

The discussion and analysis of Washington Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2023 are as follows:

- ◆ In total, Net Position increased \$377,818 which represents a 38.0% increase from 2022.
- ◆ General revenues accounted for \$5,420,692 in revenue or 40.4% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$7,998,562 or 59.6% of total revenues of \$13,419,254.
- ◆ Total assets of governmental activities increased by \$153,600, as cash and cash equivalents increased by \$481,041, receivables decreased by \$438,425, and capital assets increased by \$111,699.
- ◆ The School District had \$13,041,436 in expenses; only \$7,998,562 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,420,692 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$11,090,579 in revenues and \$10,096,658 in expenditures. The General Fund's surplus balance increased \$993,921 over 2022, which compares favorably to the budgeted decrease of \$663,431.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

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

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

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

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

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

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

**Fund Financial Statements**

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

WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

**Governmental Funds**

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's Net Position for 2023 compared to 2022.

	<u>2023</u>	<u>2022</u>
<b>Table 1 Net Position</b>		
<b>Assets</b>		
Current and Other Assets	\$ 6,382,702	\$ 6,340,801
Capital Assets	<u>851,552</u>	<u>739,853</u>
<b>Total Assets</b>	<u>7,234,254</u>	<u>7,080,654</u>
 <b>Deferred Outflows of Resources</b>	 <u>328,384</u>	 <u>319,792</u>
 <b>Liabilities</b>		
Long-Term Liabilities	3,156,006	2,936,451
Other Liabilities	<u>1,561,011</u>	<u>2,494,159</u>
<b>Total Liabilities</b>	<u>4,717,017</u>	<u>5,430,610</u>
 <b>Deferred Inflows of Resources</b>	 <u>1,472,892</u>	 <u>974,925</u>
 <b>Net Position</b>		
Invested in Capital Assets, Net of Debt	(855,113)	(855,113)
Restricted	4,655,903	3,463,479
Unrestricted	<u>(2,428,061)</u>	<u>(1,613,455)</u>
<b>Total Net Position</b>	<u>\$ 1,372,729</u>	<u>\$ 994,911</u>

WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

Total assets of governmental activities increased by \$153,600, as cash and cash equivalents increased by \$481,041, receivables decreased by \$438,425, and capital assets increased by \$111,699.

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

Table 2 shows the changes in Net Position from fiscal year 2022.

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

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 90,426	\$ 903
Operating Grants and Contributions	7,908,136	7,370,274
General Revenues:		
Property Taxes	5,420,165	5,451,213
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	526	525
Other	1	13,376
<b>Total Revenues</b>	<u>13,419,254</u>	<u>12,836,291</u>
<b>Program Expenses</b>		
Instruction	7,089,396	6,308,836
Support Services:		
Tuition	32,058	864
Pupils and Instructional Staff	2,800,163	2,495,569
General Administration, School Administration, Business	1,166,208	751,610
Operations and Maintenance of Facilities	1,447,649	1,531,861
Pupil Transportation	101,604	160,538
Business-Type Activities	319,469	352,727
Interest and Fiscal Charges	84,889	55,312
<b>Total Expenses</b>	<u>13,041,436</u>	<u>11,657,317</u>
Increase in Net Position	<u>\$ 377,818</u>	<u>\$ 1,178,974</u>



WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 40.4% percent of revenues for governmental activities for the Washington Borough School District for the fiscal year 2023.

Instruction comprises 54.4% of district expenses. Support services expenses make up 42.5% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>
Instruction	\$ 7,089,396	\$ 2,497,711	\$ 6,308,836	\$ 2,331,388
Support Services:				
Tuition	32,058	19,215	864	472
Pupils and Instructional Staff	2,800,163	791,097	2,495,569	602,567
General Admin., School Admin., Business	1,166,208	699,028	751,610	410,476
Operation and Maintenance of Facilities	1,447,649	867,724	1,531,861	836,595
Pupil Transportation	101,604	60,902	160,538	87,675
Business-Type Activities	319,469	22,308	352,727	(38,345)
Interest and Fiscal Charges	84,889	84,889	55,312	55,312
<b>Total Expenses</b>	<u>\$ 13,041,436</u>	<u>\$ 5,042,874</u>	<u>\$ 11,657,317</u>	<u>\$ 4,286,140</u>

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

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

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

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

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

The dependence upon tax revenues is apparent. Over 35.2% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 43.9%. The community, as a whole, is the primary support for the Washington Borough School District.

### **The School District's Funds**

Information about the School District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$13,891,337 and expenditures of \$12,895,997. The General Fund's surplus balance increased \$993,921 over 2022, which compares favorably to the budgeted decrease of \$663,431.

### **General Fund Budgeting Highlights**

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

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

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$9,064,840, \$337,620 over original budgeted estimates of \$8,727,220. This difference was due primarily to additional Maintenance of Equity (MOE) State Aid.

General fund revenues exceeded expenditures by \$1,005,119. Again this surplus compares to a budgeted deficit of \$663,431, which was due to the budgeted use of surplus required to balance the 2022-2023 budget. The budgeted deficit was reduced due to additional MOE aid and cost savings in the areas of instruction, tuition, transportation, maintenance, and benefits.

Overall general fund balance (budget basis) was \$5,231,442, and amounts ear-marked and reserved for future purposes were \$4,981,130, creating a surplus in unreserved fund balance of \$250,312. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

**Capital Assets**

At the end of the fiscal year 2023, the School District had \$851,552 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2023 balances compared to 2022.

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

	<u>2023</u>	<u>2022</u>
Land Improvements	\$ 127,239	\$ 127,239
Buildings and Improvements	710,522	595,376
Machinery and Equipment	<u>13,791</u>	<u>17,238</u>
 Totals	 <u>\$ 851,552</u>	 <u>\$ 739,853</u>

Overall capital assets increased \$111,699 from fiscal year 2022 to fiscal year 2023. The increase in capital assets was due to depreciation expense for the year.

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

**Debt Administration**

At June 30, 2023, the School District had \$1,570,000 as outstanding long term debt. Of this amount, \$25,000 is for compensated absences and \$1,545,000 is for bonds payable.

At June 30, 2023, the School District's overall legal debt margin was \$21,076,637 and the unvoted debt margin was the same.

WASHINGTON BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
UNAUDITED

**For the Future**

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

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

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

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

**BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

## WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit A-1

## STATEMENT OF NET POSITION

JUNE 30, 2023

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,391,455	\$ 61,190	\$ 2,452,645
Receivables from Other Governments	1,160,193	6,096	1,166,289
Other Accounts Receivables	4,470	-	4,470
Interfunds Receivable	-	-	-
Inventory	-	7,164	7,164
Restricted Assets:			
Capital Reserve Cash	2,752,134	-	2,752,134
Capital Assets, Net (Note 6):	851,552	-	851,552
<b>Total Assets</b>	<b>7,159,804</b>	<b>74,450</b>	<b>7,234,254</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	328,384		328,384
<b>LIABILITIES</b>			
Accounts Payable	1,277	7,477	8,754
Payroll Deductions and Withholdings Payable	293,332	-	293,332
Interfunds Payable	-	-	-
Unearned Revenue	1,228,982	1,618	1,230,600
Accrued Interest	28,325	-	28,325
Net Pension Liability (Note 8)	1,586,006	-	1,586,006
Noncurrent Liabilities (Note 7):			
Due Within One Year	110,000	-	110,000
Due Beyond One Year	1,460,000	-	1,460,000
<b>Total Liabilities</b>	<b>4,707,922</b>	<b>9,095</b>	<b>4,717,017</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Gain on Refunding of Long-Term Debt	141,122	-	141,122
Pension Deferred Inflows	1,331,770	-	1,331,770
<b>Total Deferred Inflows of Resources</b>	<b>1,472,892</b>		<b>1,472,892</b>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	(855,113)	-	(855,113)
Restricted for:			
Other Purposes	4,655,903	-	4,655,903
Unrestricted	(2,493,416)	65,355	(2,428,061)
<b>Total Net Position</b>	<b>\$ 1,307,374</b>	<b>\$ 65,355</b>	<b>\$ 1,372,729</b>

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:							
Instruction:							
Regular	\$ 5,707,744		\$ 4,038,199		\$ (1,669,545)		\$ (1,669,545)
Special Education	1,190,057		476,733		(713,324)		(713,324)
Other Special Instruction	191,595		76,753		(114,842)		(114,842)
Support Services:							
Tuition	32,058		12,843		(19,215)		(19,215)
Student & Instruction Related Serv.	2,800,163	\$ 8,864	2,000,202		(791,097)		(791,097)
School Administrative Services	575,793		230,661		(345,132)		(345,132)
General and Business Admin. Serv.	590,415		236,519		(353,896)		(353,896)
Plant Operations and Maintenance	1,447,649		579,925		(867,724)		(867,724)
Pupil Transportation	101,604		40,702		(60,902)		(60,902)
Interest on Long-Term Debt	61,391				(61,391)		(61,391)
Unallocated Depreciation	23,498				(23,498)		(23,498)
Total Governmental Activities	12,721,967	8,864	7,692,537		(5,020,566)		(5,020,566)
Business-Type Activities:							
Food Service	319,469	81,562	215,599			(22,308)	(22,308)
Total Business-Type Activities	319,469	81,562	215,599			(22,308)	(22,308)
Total Primary Government	\$ 13,041,436	\$ 90,426	\$ 7,908,136	-	\$ (5,020,566)	\$ (22,308)	\$ (5,042,874)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 5,258,426		\$ 5,258,426
Taxes Levied for Debt Service					161,739		161,739
Investment Earnings					526		526
Miscellaneous Income					1		1
Total General Revenues, Special Items, Extraor. Items and Transfers					5,420,692		5,420,692
Change in Net Position					400,126	(22,308)	377,818
Net Position—Beginning					907,248	87,663	994,911
Prior Period Adjustments					-	-	-
Net Position—Beginning (Restated)					907,248	87,663	994,911
<b>Net Position—Ending</b>					<b>\$ 1,307,374</b>	<b>\$ 65,355</b>	<b>\$ 1,372,729</b>

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



## **FUND FINANCIAL STATEMENTS**

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

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,109,737	\$ 10,724	\$ 23,128	\$ 5,143,589
Receivables from Other Governments	349,367	810,826		1,160,193
Other Receivables	3,428	1,042		4,470
Interfund Receivables	40,848	321,948		362,796
<b>TOTAL ASSETS</b>	<b>\$ 5,503,380</b>	<b>\$ 1,144,540</b>	<b>\$ 23,128</b>	<b>\$ 6,671,048</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 101			\$ 101
Amount Due to State of New Jersey		\$ 1,176		1,176
Payroll Deductions and Withholdings Payable	293,332			293,332
Interfund Payables	321,948	40,848		362,796
Unearned Revenue	10	1,228,972		1,228,982
<b>Total Liabilities</b>	<b>615,391</b>	<b>1,270,996</b>	<b>-</b>	<b>1,886,387</b>
<b>Fund Balances:</b>				
<u>Restricted for:</u>				
Capital Reserve Account	2,752,134			2,752,134
Excess Surplus	1,046,266			1,046,266
Excess Surplus - Designated for Subsequent Year's Expenditures	787,730			787,730
Student Activities		4,590		4,590
Scholarships		6,134		6,134
<u>Assigned to:</u>				
Year-End Encumbrances	335,951			335,951
Designated for Subsequent Year's Expenditures	59,049			59,049
<u>Unassigned:</u>				
Debt Service Fund			\$ 23,128	23,128
Special Revenue Fund		(137,180)		(137,180)
General Fund	(93,141)			(93,141)
<b>Total Fund Balances</b>	<b>4,887,989</b>	<b>(126,456)</b>	<b>23,128</b>	<b>4,784,661</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 5,503,380</b>	<b>\$ 1,144,540</b>	<b>\$ 23,128</b>	<b>\$ 6,671,048</b>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,232,762 and the accumulated depreciation is \$6,381,210.	\$ 851,552
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8)	328,384
Deferred Inflows related to pension actuarial gains and gains on refunding of Long-Term debt are not reported as liabilities in the fund statements (See Note 7 and 8)	(1,472,892)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)	(1,586,006)
Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(28,325)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(1,570,000)
Net Position of governmental activities	<u>\$ 1,307,374</u>

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
<b>Local sources:</b>				
Local Tax Levy	\$ 5,258,426		\$ 161,739	\$ 5,420,165
Miscellaneous	526	\$ 8,865	-	9,391
<b>Total - Local Sources</b>	<u>5,258,952</u>	<u>8,865</u>	<u>161,739</u>	<u>5,429,556</u>
<b>State Sources</b>	5,808,212	1,564,691		7,372,903
<b>Federal Sources</b>	23,415	1,065,463		1,088,878
<b>Total Revenues</b>	<u>11,090,579</u>	<u>2,639,019</u>	<u>161,739</u>	<u>13,891,337</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Regular Instruction	2,609,669	1,160,402		3,770,071
Special Education Instruction	830,148			830,148
Other Special Instruction	133,651			133,651
Support services and undistributed costs:				
Tuition	22,363			22,363
Student and Instruction Related Services	1,074,847	878,463		1,953,310
School Administrative Services	161,859			161,859
Other Administrative Services	411,856			411,856
Plant Operations and Maintenance	1,009,837			1,009,837
Pupil Transportation	70,876			70,876
Unallocated Benefits	3,733,199			3,733,199
Transfer to Charter School	25,868			25,868
<b>Debt Service:</b>				
Principal			110,000	110,000
Interest and Other Charges			64,000	64,000
<b>Capital Outlay</b>	12,485	586,474		598,959
<b>Total Expenditures</b>	<u>10,096,658</u>	<u>2,625,339</u>	<u>174,000</u>	<u>12,895,997</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>993,921</u>	<u>13,680</u>	<u>(12,261)</u>	<u>995,340</u>
Fund Balance—July 1	3,894,068	(140,136)	35,389	3,789,321
Prior Period Adjustment	-	-	-	-
Fund Balance—July 1 (Restated)	<u>3,894,068</u>	<u>(140,136)</u>	<u>35,389</u>	<u>3,789,321</u>
<b>Fund Balance—June 30</b>	<u>\$ 4,887,989</u>	<u>\$ (126,456)</u>	<u>\$ 23,128</u>	<u>\$ 4,784,661</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ 995,340

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

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

	Depreciation Expense	\$ (234,978)	
	Capital Outlays	<u>346,677</u>	111,699

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

(834,007)

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

110,000

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

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

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

2,000

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

13,077

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

2,017

**Change in Net Position of Governmental Activities (A-2)**

\$ 400,126

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION  
 PROPRIETARY FUNDS

JUNE 30, 2023

		<b>Business-Type Activities- Enterprise Funds</b>	
		<b>Food Service</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and Cash Equivalents		\$ 61,190	\$ 61,190
Accounts Receivable		6,096	6,096
Interfund Receivables		-	-
Inventories		7,164	7,164
<b>Total Current Assets</b>		<u>74,450</u>	<u>74,450</u>
<b>Total Assets</b>		<u>74,450</u>	<u>74,450</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts Payable		7,477	7,477
Deferred Revenue		1,618	1,618
<b>Total Current Liabilities</b>		<u>9,095</u>	<u>9,095</u>
<b>Total Liabilities</b>		<u>9,095</u>	<u>9,095</u>
<b>NET POSITION</b>			
Unrestricted		65,355	65,355
<b>Total Net Position</b>		<u>\$ 65,355</u>	<u>\$ 65,355</u>

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
FOR THE YEAR ENDED JUNE 30, 2023

	<b>Business-type Activities- Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 66,396	\$ 66,396
Daily Sales - Non-Reimb. Programs	15,166	15,166
Miscellaneous	-	-
<b>Total Operating Revenues</b>	<b>81,562</b>	<b>81,562</b>
<b>Operating Expenses:</b>		
Cost of Sales - Reimbursable Programs	94,849	94,849
Cost of Sales - Non-reimbursable Programs	29,138	29,138
Salaries	72,400	72,400
Employee Benefits	22,483	22,483
Supplies	17,360	17,360
Utilities	75,000	75,000
Administrative Expenses	1,696	1,696
Other Purchased Professional Services	6,543	6,543
<b>Total Operating Expenses</b>	<b>319,469</b>	<b>319,469</b>
Operating Income (Loss)	<b>(237,907)</b>	<b>(237,907)</b>
<b>Nonoperating Revenues (Expenses):</b>		
State Sources:		
State School Lunch Program	6,016	6,016
Federal Sources:		
National School Lunch Program	125,537	125,537
National School Breakfast Program	34,079	34,079
Supply Chain Assistance	37,914	37,914
Food Distribution Program	12,053	12,053
<b>Total Nonoperating Revenues (Expenses)</b>	<b>215,599</b>	<b>215,599</b>
Income (Loss) Before Contributions and Transfers	(22,308)	(22,308)
Transfers In (Out)		-
Change in Net Position	(22,308)	(22,308)
Total Net Position—Beginning	87,663	87,663
<b>Total Net Position—Ending</b>	<b>\$ 65,355</b>	<b>\$ 65,355</b>

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

## WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	<b>Business-Type Activities- Enterprise Funds</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 81,562	\$ 81,562
Payments to Employees	(72,400)	(72,400)
Payments for Employee Benefits	(22,483)	(22,483)
Payments to Suppliers	(218,317)	(218,317)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>(231,638)</b>	<b>(231,638)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	6,111	6,111
Federal Sources	210,690	210,690
Operating Subsidies and Transfer from Other Funds	2,991	2,991
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>219,792</b>	<b>219,792</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(11,846)	(11,846)
Balances—Beginning of Year	73,036	73,036
<b>Balances—End of Year</b>	<b>\$ 61,190</b>	<b>\$ 61,190</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (237,907)	\$ (237,907)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Operating Transfers (Non-Cash)		-
Federal Commodities	12,053	12,053
(Increase) Decrease in Accounts Receivable	-	-
(Increase) Decrease in Inventories	752	752
Increase (Decrease) in Accounts Payable	(6,536)	(6,536)
Total Adjustments	6,269	6,269
Net Cash Provided by (used for) Operating Activities	\$ (231,638)	\$ (231,638)

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

# Notes to Financial Statements



WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, and GASB No. 84, Fiduciary Activities. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2022.

**A. Reporting Entity:**

The Washington Borough School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Washington Borough School District had an approximate enrollment at June 30, 2023, of 567 students.

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting:**

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

**Basis of Presentation**

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

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

**GOVERNMENTAL FUNDS**

The District reports the following governmental funds:

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**GOVERNMENTAL FUNDS (Continued)**

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

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

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

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

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Additionally, the District reports the following fund type:

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

**Measurement Focus-Basis of Accounting**

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

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

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgets/Budgetary Control:**

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

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

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

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

**D. Encumbrance Accounting:**

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

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

**Interfund Transactions:**

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

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

**Inventories:**

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

**Allowance for Uncollectible Accounts:**

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

**Capital Assets:**

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

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

**Compensated Absences:**

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

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

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

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

**Deferred Revenue:**

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

**Accrued Liabilities and Long-Term Obligations:**

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Net Position:**

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

**Fund Balance Reserves:**

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

**Revenues—Exchange and Nonexchange Transactions**

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

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

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

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



WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Operating Revenues and Expenses:**

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

**Allocation of Indirect Expenses:**

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

**Extraordinary and Special Items:**

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

**Management Estimates:**

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

**NOTE 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2023, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2023, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents (A-1)
Capital Reserve	\$ 2,752,134
Checking Accounts	<u>2,452,645</u>
	<u>\$ 5,204,779</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$5,204,779 and the bank balance was \$5,440,931. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$5,190,931 was covered by collateral pool.

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2023, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
Federal Aid	\$ 810,826	\$ 816,707
State Aid	349,367	349,582
Other	<u>4,470</u>	<u>4,470</u>
Gross Receivable	1,164,663	1,170,759
Less: Allow. for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	<u>\$ 1,164,663</u>	<u>\$ 1,170,759</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2023, consisted of the following:

Food	\$	5,493
Supplies		<u>1,671</u>
	\$	<u><u>7,164</u></u>

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

**NOTE 5: DEFERRED BOND ISSUANCE COSTS**

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

**NOTE 6: CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Total Capital Assets Not Being Depreciated	-	-	-	-
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	\$ 127,239			\$ 127,239
Buildings and Building Improvements	6,549,630	\$ 346,677		6,896,307
Machinery and Equipment	209,216			209,216
Total at Historical Cost	<u>6,886,085</u>	<u>346,677</u>		<u>7,232,762</u>
Less Accumulated Depreciation for:				
Building and Improvements	(5,954,254)	(231,531)		(6,185,785)
Equipment	(191,978)	(3,447)		(195,425)
Total Accumulated Depreciation	<u>(6,146,232)</u>	<u>(234,978)</u>		<u>(6,381,210)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>739,853</u>	<u>111,699</u>		<u>851,552</u>
<b>Government Activity Capital Assets, Net</b>	<b><u>\$ 739,853</u></b>	<b><u>\$ 111,699</u></b>		<b><u>\$ 851,552</u></b>

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 6: CAPITAL ASSETS - (CONTINUED)**

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 211,480
Unallocated	23,498
Total	<u>\$ 234,978</u>

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

**NOTE 7: LONG-TERM OBLIGATIONS**

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2023, are as follows:

	Balance <u>7/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2023</u>	Amounts Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Debt	\$1,655,000		\$ 110,000	\$1,545,000	\$110,000
Other Liabilities:					
Compensated Absences Payable	27,000		2,000	25,000	
<b>Total</b>	<u>\$1,682,000</u>		<u>\$112,000</u>	<u>\$1,570,000</u>	<u>\$110,000</u>

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 7: LONG-TERM OBLIGATIONS- (CONTINUED)**

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

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

For the year ended June 30, 2023, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			
	Issue <u>Dates</u>	Interest <u>Rates</u>	Date of <u>Maturity</u>	Balance <u>6/30/23</u>
Refunding School Bonds Series 2021	4/15/21	4.0%	7/15/33	\$ 1,545,000
Total Bonds				<u>\$ 1,545,000</u>

**B. Debt Service Requirements:**

Debt Service requirements on serial bonds payable at June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 110,000	\$ 59,600	\$ 169,600
2025	120,000	55,000	175,000
2026	125,000	50,100	175,100
2027	130,000	45,000	175,000
2028	135,000	39,700	174,700
Thereafter	925,000	115,300	1,040,300
	<u>\$ 1,545,000</u>	<u>\$ 364,700</u>	<u>\$ 1,909,700</u>

As of June 30, 2023, the District had no authorized but not issued bonds.

**C. Deferred Gain of Refunding Issues:**

For the District-wide financial statements, governmental activity debt issuance premiums are amortized straight-line over the life of the specific bonds (13 years) for the 2021 Refunding Bonds. Amortization of the premium for the year ended June 30, 2023 was \$13,077. The balance of deferred premiums at June 30, 2023 for all issues is \$141,122.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS**

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

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

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$17,536,599 as measured on June 30, 2022 and \$16,836,659 measured on June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$471,959 and revenue of \$471,959 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2021 and June 30, 2022.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

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

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$6,356,228,800	\$4,996,491,160
Collective deferred inflows of resources	\$27,175,330,929	\$19,532,696,776
Collective net pension liability (Nonemployer-State of New Jersey)	\$48,075,188,642	\$51,594,415,806
State's portion of the net pension liability that was associated with the district	\$16,836,659	\$17,536,599
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.035022%	0.033989%

*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:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-5.65%
Investment Rate of Return	7.00%

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.

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

Long-Term Expected Rate of Return- In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2022) 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 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-US devel.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%
US Treasuries	4.00%	1.75%
Risk mitigation	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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.



WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

*Sensitivity of the State's net pension liability to changes in the discount rate* - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2022, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
State's Collective Net Pension Liability	\$ 60,591,896,759	\$ 51,676,587,303	\$ 44,166,559,329

*Pension plan fiduciary net position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2022 was \$24,640,530,532.

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

	<u>Year Ended June 30:</u>
2023	(\$2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	<u>(1,687,721,983)</u>
Total	<u>(\$14,678,515,482)</u>

*Pension Expense* - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2022 are as follows:

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

Service cost	\$1,195,044,307
Interest on total pension liability	5,146,965,905
Member contributions	(907,326,471)
Administrative expense	12,635,916
Expected investment return net of investment expenses	(1,983,153,368)
Pension expense related to specific liabilities of individual employers	(395,540)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	200,689,404
Changes in assumptions	(2,396,459,882)
Difference between projected and actual investment earnings on pension plan investments	<u>122,761,073</u>
Total pension expense	<u>\$1,390,761,344</u>

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

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

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

At June 30, 2023, the District reported a liability of \$1,586,006 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 valuation was determined by an experience study for the period July 1, 2018 to June 30, 2021. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021. At June 30, 2022, the District's proportion was 0.01055% which was an decrease of 0.00004% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense/(benefit) of (\$556,328). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 11,447	\$ 34,749
Changes of assumptions	4,914	817,515
Net difference between projected and actual earnings on pension plan investments	65,643	-
Changes in proportion and differences between District contributions and proportionate share of contributions	113,852	479,506
District contributions subsequent to the measurement date	132,528	
Total	<u>\$ 328,384</u>	<u>\$ 1,331,770</u>

\$132,528 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2023	(\$933,315)
2024	(475,492)
2025	(231,888)
2026	505,893
2027	(1,111)
Total	<u>(\$1,135,914)</u>

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$1,164,738,169	\$1,660,772,008
Collective deferred inflows of resources	8,339,123,762	3,236,303,935
Collective net pension liability (Non State - Local Group)	\$11,846,496,875	\$15,091,376,611
District's portion of net pension liability	\$1,254,451	\$1,586,006
District's proportion %	0.01058921%	0.01050935%

*Actuarial assumptions* - The collective 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:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75%-6.55% based on years of service
Investment Rate of Return:	7.00%

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-US devel.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%
US Treasuries	4.00%	1.75%
Risk mitigation	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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate* - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2022, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 2,037,553	\$1,586,006	\$ 1,201,721

*Pension Expense* - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2022 are as follows:

Service cost	\$370,276
Interest on total Pension liability	1,485,077
Benefit Changes	4,309
Member contributions	(308,789)
Administrative expens	6,632
Expected investment return net of investment expenses	(991,335)
Pension expense related to specific liabilities of individual employers	(5,319)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	17,580
Changes in assumptions	(1,110,102)
Difference between projected and actual investment earnings on pension plan investments	<u>(24,656)</u>
Total pension expense	<u><u>(\$556,328)</u></u>

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

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

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

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

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

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8: PENSION PLANS (Continued)**

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

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

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2023	\$132,528	100 %	-0-
6/30/2022	\$124,012	100	-0-
6/30/2021	\$110,868	100	-0-

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2023	\$1,390,482	100 %	-0-
6/30/2022	\$1,419,609	100	-0-
6/30/2021	\$1,038,112	100	-0-

During the fiscal year ended June 30, 2023, the State of New Jersey did contribute \$1,755,547 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$281,390 during the year ended June 30, 2023, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Note 9: POST-RETIREMENT BENEFITS**

**Plan description and benefits provided**

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

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

**State Health Benefit State Retired Employees Plan:**

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion.

The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.



WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Note 9: POST-RETIREMENT BENEFITS-(Continued)**

**Total Nonemployer OPEB Liability**

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

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

*Actuarial assumptions and other imputes.* The June 30, 2023 GASB 75 reporting is based on a measurement date of June 30, 2022. The total nonemployer 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 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, PERS and PFRS. 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:

Total Nonemployer OPEB Liability:       \$       50,646,462,966

	TPAF/ABP	PERS	PFRS
Salary Increases	2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%
	Based on service years		

**(a) 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 medical benefits 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%.

**(b) Discount Rate**

The discount rate used to measure the total OPEB liability 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.

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Note 9: POST-RETIREMENT BENEFITS--(Continued)**

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

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

	<u>Total OPEB Liability</u>
<b>The State's Total OPEB Liability Balance at 6/30/2021</b>	<b>\$60,007,650,970</b>
<u>Changes for the year:</u>	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments	(1,329,476,059)
Contributions from Members	<u>42,650,252</u>
Net changes	<u>(9,361,188,004)</u>
<b>The State's Total OPEB Liability Balance at 6/30/2022</b>	<b><u>\$50,646,462,966</u></b>

**The State's total OPEB liability attributable to the District: \$19,130,974**

Benefit Changes: The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022 and other changes.

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

	June 30, 2022		
	At 1% Decrease <u>2.54%</u>	At Discount Rate <u>3.54%</u>	At 1% Increase <u>4.54%</u>
Total OPEB Liability (School Retirees)	\$59,529,589,697	\$50,646,462,966	\$43,527,080,995

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Note 9: POST-RETIREMENT BENEFITS-(Continued)**

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

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

	June 30, 2022		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
	Total OPEB Liability (School Retirees)	\$41,862,397,291	\$50,646,462,966

	June 30, 2021		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
	Total OPEB Liability (School Retirees)	\$48,576,388,417	\$60,007,650,970

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

For the year ended June 30, 2022, the board of education recognized OPEB expense and related revenue of \$514,344 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$9,042,402,619	\$15,462,950,679
Changes of assumptions or other inputs	<u>8,765,620,577</u>	<u>17,237,289,230</u>
Total	<u>\$17,808,023,196</u>	<u>\$32,700,239,909</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Note 9: POST-RETIREMENT BENEFITS--(Continued)**

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

Year ended June 30:	
2023	(\$2,517,151,602)
2024	(\$2,517,151,602)
2025	(\$2,517,151,602)
2026	(\$2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
	<u>(\$14,892,216,713)</u>

**NOTE 10: DEFERRED COMPENSATION**

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

Prudential Financial Planning

**NOTE 11: COMPENSATED ABSENCES**

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, no liability existed for compensated absences in the proprietary fund types.

**NOTE 12: RISK MANAGEMENT**

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

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

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 13: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

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

**LITIGATION**

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

**NOTE 14: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$4,887,989 General Fund fund balance at June 30, 2023, \$335,951 is reserved for encumbrances; \$1,833,996 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$787,730 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2024); \$2,752,134 has been reserved in the Capital Reserve Account; \$59,049 has been appropriated and included as anticipated revenue for the year ending June 30, 2024; and (\$93,141) is unreserved and undesignated.

**NOTE 15: CAPITAL RESERVE ACCOUNT**

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

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

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 2,002,008
Interest Earned	126
Deposits: Board Resolution June 6, 2023	750,000
Ending Balance, June 30, 2023	<u>\$ 2,752,134</u>

WASHINGTON BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 16: CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$1,046,266.

**NOTE 17: INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund balances on the government-wide financial statement of net position.

**NOTE 18: TAX ABATEMENTS**

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

**NOTE 19: DEFICIT FUND BALANCES**

The District has a deficit fund balance (Exhibit B-1) of \$126,456 in the Special Revenue Fund as of June 30, 2023, as reported in the fund statements (modified accrual basis). P.L.2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No.33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability.

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

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**



WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 5,258,426		\$ 5,258,426	\$ 5,258,426	-
Miscellaneous	1,000		1,000	526	\$ (474)
<b>Total - Local Sources</b>	<b>5,259,426</b>		<b>5,259,426</b>	<b>5,258,952</b>	<b>(474)</b>
<b>State Sources:</b>					
Equalization Aid	2,992,846		2,992,846	2,992,846	
Transportation Aid	27,569		27,569	27,569	
Special Education Aid	330,519		330,519	330,519	
Security Aid	96,092		96,092	96,092	
Other State Aid				312	312
Maintenance of Equity Aid				335,135	335,135
TPAF Pension (On-Behalf - Non-Budgeted)				1,389,676	1,389,676
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				365,065	365,065
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				806	806
TPAF Social Security (Reimbursed - Non-Budgeted)				281,390	281,390
<b>Total State Sources</b>	<b>3,447,026</b>		<b>3,447,026</b>	<b>5,819,410</b>	<b>2,372,384</b>
<b>Federal Sources:</b>					
Medical Assistance Aid	20,768		20,768	23,415	2,647
<b>Total Federal Sources</b>	<b>20,768</b>		<b>20,768</b>	<b>23,415</b>	<b>2,647</b>
<b>TOTAL REVENUES</b>	<b>8,727,220</b>		<b>8,727,220</b>	<b>11,101,777</b>	<b>2,374,557</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	201,713	43,000	244,713	242,629	2,084
Grades 1-5 - Salaries of Teachers	1,622,349	(43,000)	1,579,349	1,559,058	20,291
Grades 6-8 - Salaries of Teachers	276,679		276,679	272,277	4,402
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	7,000		7,000	4,880	2,120

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Regular Programs - Undistributed Instruction</b>					
Purchased Professional-Educational Services	140,600	(14,679)	125,921	114,282	11,639
Other Purchased Services (400-500 series)	62,000	(11,600)	50,400	32,269	18,131
General Supplies	129,625	339,540	469,165	383,874	85,291
Other Objects	5,000	(4,000)	1,000	400	600
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>2,444,966</b>	<b>309,261</b>	<b>2,754,227</b>	<b>2,609,669</b>	<b>144,558</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning/Language Disabilities:</b>					
Salaries of Teachers	299,994	(60,000)	239,994	203,740	36,254
Other Salaries for Instruction	224,292	(15,000)	209,292	174,766	34,526
General Supplies	800	591	1,391	1,317	74
<b>Total Learning/Language Disabilities</b>	<b>525,086</b>	<b>(74,409)</b>	<b>450,677</b>	<b>379,823</b>	<b>70,854</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	281,734	115,000	396,734	389,046	7,688
Other Salaries for Instruction	60,436		60,436	58,455	1,981
General Supplies	2,500	721	3,221	2,824	397
<b>Total Resource Room/Resource Center</b>	<b>344,670</b>	<b>115,721</b>	<b>460,391</b>	<b>450,325</b>	<b>10,066</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>869,756</b>	<b>41,312</b>	<b>911,068</b>	<b>830,148</b>	<b>80,920</b>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	214,168	(55,000)	159,168	116,752	42,416
General Supplies	1,000		1,000	465	535
<b>Total Basic Skills/Remedial - Instruction</b>	<b>215,168</b>	<b>(55,000)</b>	<b>160,168</b>	<b>117,217</b>	<b>42,951</b>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	41,961		41,961	16,434	25,527
<b>Total Bilingual Education - Instruction</b>	<b>41,961</b>		<b>41,961</b>	<b>16,434</b>	<b>25,527</b>
<b>TOTAL INSTRUCTION</b>	<b>3,571,851</b>	<b>295,573</b>	<b>3,867,424</b>	<b>3,573,468</b>	<b>293,956</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition Other		36,831	36,831	1,637	35,194
Tuition to Other LEAs Within the State - Special	74,750		74,750	14,485	60,265
Tuition to Private Schools for the Disabled - Within State	81,006	(36,831)	44,175	6,241	37,934
<b>Total Instruction</b>	<b>155,756</b>		<b>155,756</b>	<b>22,363</b>	<b>133,393</b>
<b>Health Services:</b>					
Salaries	147,427		147,427	140,078	7,349
Purchased Professional and Technical Services	5,000		5,000	2,256	2,744
Supplies and Materials	6,000	952	6,952	3,054	3,898
<b>Total Health Services</b>	<b>158,427</b>	<b>952</b>	<b>159,379</b>	<b>145,388</b>	<b>13,991</b>
<b>Other Supp. Services Students-Related Services:</b>					
Salaries	77,911	45,000	122,911	119,164	3,747
Purchased Professional - Educational Services	350,000	(45,031)	304,969	168,978	135,991
Supplies and Materials	500	31	531	531	
<b>Total Other Supp. Services Students-Related Services</b>	<b>428,411</b>	<b>45,000</b>	<b>428,411</b>	<b>288,673</b>	<b>139,738</b>
<b>Other Supp. Services Students-Extra Services:</b>					
Salaries	25,267	15,000	40,267	35,086	5,181
<b>Total Other Supp. Services Students-Extra Services</b>	<b>25,267</b>	<b>15,000</b>	<b>40,267</b>	<b>35,086</b>	<b>5,181</b>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Supp. Services Students-Regular:</b>					
Salaries of Other Professional Staff	64,186		64,186	59,432	4,754
Salaries of Secretarial and Clerical Assistants	120,902		120,902	120,017	885
Supplies and Materials	10,000	3,329	13,329	6,496	6,833
<b>Total Other Supp. Services Students-Regular</b>	<b>195,088</b>	<b>3,329</b>	<b>198,417</b>	<b>185,945</b>	<b>12,472</b>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	166,487		166,487	166,487	
Purchased Professional - Educational Services	125,000	2,246	127,246	44,049	83,197
Supplies and Materials	4,000	2,100	6,100	4,710	1,390
Other Objects	1,000		1,000	200	800
<b>Total Other Supp. Services Students-Special</b>	<b>296,487</b>	<b>4,346</b>	<b>300,833</b>	<b>215,446</b>	<b>85,387</b>
<b>Educational Media Services/School Library:</b>					
Salaries	83,886		83,886	83,711	175
Supplies and Materials	8,500	3,940	12,440	7,065	5,375
<b>Total Educational Media Services/School Library</b>	<b>92,386</b>	<b>3,940</b>	<b>96,326</b>	<b>90,776</b>	<b>5,550</b>
<b>Instructional Staff Training Services:</b>					
Salaries of Supervisors of Instruction	113,352		113,352	104,830	8,522
Purchased Professional - Educational Services	1,500	640	2,140	2,140	
Other Purchased Services (400-500 series)	10,000	85	10,085	6,563	3,522
<b>Total Instructional Staff Training Services</b>	<b>124,852</b>	<b>725</b>	<b>125,577</b>	<b>113,533</b>	<b>12,044</b>
<b>Supp. Services - General Administration:</b>					
Salaries	237,351	(12,000)	225,351	210,076	15,275
Legal Services	10,000	(684)	9,316	6,895	2,421
Audit Services	20,000	(684)	19,316	19,316	
Other Purchased Professional Services	12,250		12,250	12,059	191
Communications/Telephone	4,500	2,289	6,789	6,389	400
BOE Other Purchased Services	3,500	12,050	15,550	8,050	7,500
Other Purchased Services (400-500 series)	13,350	(9,072)	4,278	4,278	
General Supplies	1,000	(662)	338	338	
Miscellaneous Expenditures	7,450	(490)	6,960	6,960	
<b>Total Supp. Services - General Administration</b>	<b>309,401</b>	<b>(9,253)</b>	<b>300,148</b>	<b>274,361</b>	<b>25,787</b>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	116,766		116,766	106,944	9,822
Salaries of Secretarial and Clerical Assistants	41,583	12,000	53,583	52,491	1,092
General Supplies	2,000		2,000	734	1,266
Other Objects	2,000		2,000	1,690	310
<b>Total Support Services - School Administration</b>	<b>162,349</b>	<b>12,000</b>	<b>174,349</b>	<b>161,859</b>	<b>12,490</b>
<b>Central Services:</b>					
Salaries	67,600		67,600	66,950	650
Purchased Professional Services	70,000		70,000	70,000	
General Supplies	1,000		1,000	545	455
<b>Total Central Services:</b>	<b>138,600</b>		<b>138,600</b>	<b>137,495</b>	<b>1,105</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	62,400	(56,141)	6,259	2,575	3,684
Cleaning, Repair and Maintenance Services	350,000	146,769	496,769	195,273	301,496
General Supplies	20,000	14,359	34,359	19,237	15,122
<b>Total Required Maintenance for School Facilities</b>	<b>432,400</b>	<b>104,987</b>	<b>537,387</b>	<b>217,085</b>	<b>320,302</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	262,425	50,000	312,425	270,900	41,525
Cleaning, Repair and Maintenance Services	160,000	68,404	228,404	162,532	65,872
Other Purchased Property Services	36,000		36,000	31,257	4,743
Insurance	77,595		77,595	71,885	5,710
Miscellaneous Purchased Services	2,000		2,000	1,340	660
General Supplies	40,000	33,105	73,105	73,105	
Energy (Natural Gas)	44,000		44,000	28,966	15,034
Energy (Electricity)	90,000		90,000	79,266	10,734
Energy (Gasoline)	1,000		1,000	174	826
Other Objects	1,500	(584)	916	803	113
<b>Total Other Operations and Maintenance of Plant</b>	<b>714,520</b>	<b>150,925</b>	<b>865,445</b>	<b>720,228</b>	<b>145,217</b>
<b>Undist. Expend. -Care and Upkeep of Grounds:</b>					
Purchased Professional and Technical Services	65,000	12,584	77,584	72,524	5,060
<b>Total Undist. Expend. -Care and Upkeep of Grounds</b>	<b>65,000</b>	<b>12,584</b>	<b>77,584</b>	<b>72,524</b>	<b>5,060</b>

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Student Transportation Services</b>					
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	20,000		20,000	9,354	10,646
Contracted Services (Oth. Than Bet.Home and Sch)-Vendors	8,000		8,000		8,000
Contracted Services (Bet.Home and School)-Joint Agrmts.	1,500		1,500		1,500
Contracted Services (Special Ed. Students)-Vendors	150,000		150,000	61,522	88,478
Contr Serv (Regular Students) - ESCs & CTSA	2,500		2,500		2,500
<b>Total Student Transportation Services</b>	<b>182,000</b>		<b>182,000</b>	<b>70,876</b>	<b>111,124</b>
<b>ALLOCATED BENEFITS</b>					
Health Benefits	778,458	(135,164)	643,294	200,193	443,101
Tuition Reimbursement	55,000		55,000	19,603	35,397
Health Benefits-Special Programs	609,294		609,294	576,805	32,489
Health Benefits-Health services	47,313		47,313	47,313	
Health Benefits-Speech/OT/PT	16,373		16,373	16,373	
Health Benefits-Other Supp Serv - Guidance	136,305		136,305	136,305	
Health Benefits-Other Supp Serv - Child Study Team	86,968		86,968	86,968	
Health Benefits-Other Supp Serv - School Library	43,484		43,484	43,484	
Health Benefits-Operations and Maintenance of Plant	154,482		154,482	144,254	10,228
<b>TOTAL ALLOCATED BENEFITS</b>	<b>1,927,677</b>	<b>(135,164)</b>	<b>1,792,513</b>	<b>1,271,298</b>	<b>521,215</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	95,000	40,439	135,439	135,439	
Other Retirement Contributions - Regular	135,000		135,000	132,528	2,472
Unemployment Compensation	10,000	15,000	25,000	23,037	1,963
Workmen's Compensation	42,401		42,401	42,401	
Health Benefits	74,425		74,425	69,818	4,607
Other Employee Benefits	15,000	10,000	25,000	21,741	3,259
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>371,826</b>	<b>65,439</b>	<b>437,265</b>	<b>424,964</b>	<b>12,301</b>
On-behalf TPAF pension Contrib. (non-budgeted)				1,389,676	(1,389,676)
On-behalf TPAF PRM Contrib. (non-budgeted)				365,065	(365,065)
On-behalf TPAF pension LTD Ins. (non-budgeted)				806	(806)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				281,390	(281,390)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>2,036,937</b>	<b>(2,036,937)</b>
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	<b>2,299,503</b>	<b>(69,725)</b>	<b>2,229,778</b>	<b>3,733,199</b>	<b>(1,503,421)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>5,780,447</b>	<b>229,810</b>	<b>6,010,257</b>	<b>6,484,837</b>	<b>(474,580)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>9,352,298</b>	<b>525,383</b>	<b>9,877,681</b>	<b>10,058,305</b>	<b>(180,624)</b>

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>CAPITAL OUTLAY</b>					
<b>Facilities Acquisition and Construction Services</b>					
Assessment for Debt Service on SDA Funding	12,485		12,485	12,485	
<b>Total Facilities Acquisition and Construction Services</b>	<u>12,485</u>		<u>12,485</u>	<u>12,485</u>	
<b>TOTAL CAPITAL OUTLAY</b>	<u>12,485</u>	<u>-</u>	<u>12,485</u>	<u>12,485</u>	<u>-</u>
Transfer of Funds to Charter Schools	25,868		25,868	25,868	
<b>TOTAL EXPENDITURES</b>	<u>9,390,651</u>	<u>525,383</u>	<u>9,916,034</u>	<u>10,096,658</u>	<u>(180,624)</u>
<b>Excess (Deficiency) of Revenues Over(Under) Expenditures</b>	<u>(663,431)</u>	<u>(525,383)</u>	<u>(1,188,814)</u>	<u>1,005,119</u>	<u>2,193,933</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>(663,431)</u>	<u>(525,383)</u>	<u>(1,188,814)</u>	<u>1,005,119</u>	<u>2,193,933</u>
<b>Fund Balance, July 1</b>	4,226,323		4,226,323	4,226,323	
<b>Fund Balance, June 30</b>	<u>\$ 3,562,892</u>	<u>\$ (525,383)</u>	<u>\$ 3,037,509</u>	<u>\$ 5,231,442</u>	<u>\$ 2,193,933</u>
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				\$ 2,752,134	
Excess Surplus				1,046,266	
Excess Surplus - Designated for Subsequent Year's Expenditures				787,730	
<b>Assigned to:</b>					
Year-End Encumbrances				335,951	
Designated for Subsequent Year's Expenditures				59,049	
<b>Unassigned:</b>					
Unrestricted Fund Balance				<u>250,312</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				5,231,442	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				<u>(343,453)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ 4,887,989</u>	

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2023

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Local Sources	\$ 1,000	\$ 9,965	\$ 10,965	\$ 8,755	\$ (2,210)
State Sources	1,378,529	4,172	1,382,701	928,652	(454,049)
Federal Sources	1,437,821	197	1,438,018	776,394	(661,624)
<b>Total Revenues</b>	<b>2,817,350</b>	<b>14,334</b>	<b>2,831,684</b>	<b>1,713,801</b>	<b>(1,117,883)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	676,760	(40,128)	636,632	531,065	105,567
Other Salaries for Instruction	317,923	(21,733)	296,190	296,190	
Purchased Professional Educational Svc	59,987	(59,987)	-	-	
Purchased Professional and Technical Svc	95,000	(21,416)	73,584	45,000	28,584
Other Purchased Services		531	531	531	
Tuition	149,190	-	149,190	149,190	
General Supplies	165,332	(31,063)	134,269	126,457	7,812
Textbooks		385	385	385	
<b>Total Instruction</b>	<b>1,464,192</b>	<b>(173,411)</b>	<b>1,290,781</b>	<b>1,148,818</b>	<b>141,963</b>
<b>Support Services</b>					
Salaries of Supervisors	56,000	-	56,000	56,000	
Salaries of Program Directors	5,000	-	5,000	5,000	
Personal Services - Employee Bene.	175,999	-	175,999	175,999	
Cleaning, Repair, and Maintenance	300,000	154,049	454,049	-	454,049
Other Purchased Services	12,821	21,416	34,237	34,237	
Supplies & Materials	15,241	196	15,437	15,437	
Student Activities		8,451	8,451	8,451	
Scholarships		-	-	-	
<b>Total Support Services</b>	<b>565,061</b>	<b>184,112</b>	<b>749,173</b>	<b>295,124</b>	<b>454,049</b>
<b>Facilities Acq. &amp; Construction Svs</b>					
Buildings	788,097	3,219	791,316	269,445	521,871
<b>Total Facilities &amp; Construction Svs</b>	<b>788,097</b>	<b>3,219</b>	<b>791,316</b>	<b>269,445</b>	<b>521,871</b>
<b>Total Expenditures</b>	<b>2,817,350</b>	<b>13,920</b>	<b>2,831,270</b>	<b>1,713,387</b>	<b>1,117,883</b>
<b>Total Outflows</b>	<b>2,817,350</b>	<b>13,920</b>	<b>2,831,270</b>	<b>1,713,387</b>	<b>1,117,883</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>414</b>	<b>414</b>	<b>414</b>	<b>-</b>
<b>Fund Balance Beginning</b>				10,310	
<b>Prior Period Adjustment</b>				-	
<b>Fund Balance Beginning (Restated)</b>				10,310	
<b>Fund Balance Ending</b>				<u>\$ 10,724</u>	
<b>Recapitulation:</b>					
<i>Restricted:</i>					
Scholarships				\$ 6,134	
Student Activities				4,590	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				<u>10,724</u>	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				(137,180)	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ (126,456)</u>	



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

For the Fiscal Year Ended June 30, 2023

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

	General Fund	Special Revenue Fund
	<u>                    </u>	<u>                    </u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 11,101,777	\$ 1,713,801
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	1,023,041
Current Year Encumbrances	N/A	(111,088)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	332,255	150,445
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(343,453)</u>	<u>(137,180)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 11,090,579</u>	<u>\$ 2,639,019</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 10,096,658	\$ 1,713,387
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	1,023,041
Current Year Encumbrances	N/A	(111,088)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u>                    </u>	<u>                    </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 10,096,658</u>	<u>\$ 2,625,340</u>

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

**Exhibit L-3**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 17,536,599	\$ 16,836,659	\$ 23,873,194	\$ 20,507,116	\$ 21,210,374	\$ 24,497,479	\$ 29,953,449	\$ 23,152,287	\$ 19,249,269	\$ 17,454,111
Total	\$ 17,536,599	\$ 16,836,659	\$ 23,873,194	\$ 20,507,116	\$ 21,210,374	\$ 24,497,479	\$ 29,953,449	\$ 23,152,287	\$ 19,249,269	\$ 17,454,111
District's covered employee payroll	\$ 3,902,474	\$ 3,720,517	\$ 3,700,890	\$ 3,810,463	\$ 3,786,390	\$ 3,738,407	\$ 3,559,593	\$ 3,645,121	\$ 3,956,625	\$ 3,798,293
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.50%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

**Exhibit L-1**

**Public Employees' Retirement System (PERS)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.01055%	0.01059%	0.01013%	0.00968%	0.01001%	0.00960%	0.00976%	0.00915%	0.00942%	0.00861%
District's proportionate share of the net pension liability (asset)	\$ 1,586,006	\$ 1,254,451	\$ 1,652,697	\$ 1,743,784	\$ 1,970,302	\$ 2,234,431	\$ 2,890,551	\$ 2,054,476	\$ 1,763,497	\$ 1,645,147
District's covered employee payroll	\$ 742,828	\$ 768,325	\$ 714,150	\$ 737,207	\$ 709,410	\$ 687,724	\$ 692,891	\$ 977,890	\$ 783,314	\$ 912,374
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	213.51%	163.27%	231.42%	236.54%	277.74%	324.90%	417.17%	210.09%	225.13%	180.31%
Plan fiduciary net position as a percentage of the total pension liability (Local)	62.91%	70.33%	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%

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

**Exhibit L-2**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 3,902,474	\$ 3,720,517	\$ 3,700,890	\$ 3,810,463	\$ 3,786,390	\$ 3,738,407	\$ 3,559,593	\$ 3,645,121	\$ 3,956,625	\$ 3,798,293
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

**Public Employees' Retirement System (PERS)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 132,528	\$ 124,012	\$ 110,868	\$ 97,793	\$ 100,464	\$ 91,060	\$ 87,805	\$ 78,684	\$ 77,649	\$ 67,827
Contributions in relation to the contractually required contribution	<u>(132,528)</u>	<u>(124,012)</u>	<u>(110,868)</u>	<u>(97,793)</u>	<u>(100,464)</u>	<u>(91,060)</u>	<u>(87,805)</u>	<u>(78,684)</u>	<u>(77,649)</u>	<u>(67,827)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 742,828	\$ 768,325	\$ 714,150	\$ 737,207	\$ 709,410	\$ 687,724	\$ 692,891	\$ 977,890	\$ 783,314	\$ 912,374
Contributions as a percentage of covered-employee payroll	17.84%	16.14%	15.52%	13.27%	14.16%	13.24%	12.67%	8.05%	9.91%	7.43%

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

Exhibit M-1

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

The State of New Jersey's Total OPEB Liability	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 2,770,618,025	\$ 3,217,184,264	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319			
Interest	1,342,187,139	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792			
Change in Benefit Terms	-	(63,870,842)								
Differences Between Expected and Actual Experience	1,399,200,736	(11,385,071,658)	11,544,750,637	(7,323,140,818)	-500,206,574					
Benefit Payments	(13,586,368,097)	59,202,205	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)			
Contributions from Members	(1,329,476,059)	-	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747			
Changes of Assumptions or other inputs	42,650,252	(1,186,417,186)	12,386,549,981	622,184,027	(5,291,448,855)	(7,086,599,129)	8,611,513,521			
<b>Net change in total OPEB liability</b>	<b>(9,361,188,004)</b>	<b>(7,802,311,638)</b>	<b>26,080,881,563</b>	<b>(4,381,751,937)</b>	<b>(7,529,008,876)</b>	<b>(4,191,942,326)</b>	<b>10,982,132,360</b>			
<b>Total OPEB Liability - Beginning</b>	<b>\$ 60,007,650,970</b>	<b>\$ 67,809,962,608</b>	<b>\$ 41,729,081,045</b>	<b>\$ 46,110,832,982</b>	<b>\$ 53,639,841,858</b>	<b>\$ 57,831,784,184</b>	<b>\$ 46,849,651,824</b>			
<b>Total OPEB Liability - Ending</b>	<b>\$ 50,646,462,966</b>	<b>\$ 60,007,650,970</b>	<b>\$ 67,809,962,608</b>	<b>\$ 41,729,081,045</b>	<b>\$ 46,110,832,982</b>	<b>\$ 53,639,841,858</b>	<b>\$ 57,831,784,184</b>			
<b>The State of New Jersey's total OPEB liability **</b>	<b>\$ 50,646,462,966</b>	<b>\$ 60,007,650,970</b>	<b>\$ 67,809,962,608</b>	<b>\$ 41,729,081,045</b>	<b>\$ 46,110,832,982</b>	<b>\$ 53,639,841,858</b>	<b>\$ 57,831,784,184</b>			
<b>The State of New Jersey's OPEB liability attributable to the District **</b>	<b>\$ 19,130,974</b>	<b>\$ 22,161,971</b>	<b>\$ 25,508,851</b>	<b>\$ 15,375,816</b>	<b>\$ 16,763,792</b>	<b>\$ 20,681,873</b>	<b>\$ 22,291,926</b>			
<b>The District's proportionate share of the total OPEB liability</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>			
<b>District's covered employee payroll</b>	<b>\$ 4,645,302</b>	<b>\$ 4,488,842</b>	<b>\$ 4,415,040</b>	<b>\$ 4,547,670</b>	<b>\$ 4,495,800</b>	<b>\$ 4,426,131</b>	<b>\$ 4,252,484</b>			
<b>Total District's OPEB liability as a percentage of its covered-employee payroll</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>			
<b>District's contribution</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>			
<b>State's covered employee payroll ***</b>	<b>\$ 14,753,355,408</b>	<b>\$ 14,425,669,769</b>	<b>\$ 14,267,738,657</b>	<b>\$ 13,929,083,479</b>	<b>\$ 13,640,275,833</b>	<b>\$ 13,493,400,208</b>	<b>\$ 13,493,400,208</b>			
<b>Total State's OPEB liability as a percentage of its covered-employee payroll</b>	<b>343.29%</b>	<b>415.98%</b>	<b>475.27%</b>	<b>299.58%</b>	<b>338.05%</b>	<b>397.53%</b>	<b>428.59%</b>			

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

\*\*\* Covered payroll for the Measurement Period ending June 30, 2021 and June 30, 2022 is based on the payroll on the June 30, 2020 and June 30, 2021 census data, respectively

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

WASHINGTON BOROUGH SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2023

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

**Pension Schedules**

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

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

**OPEB Schedules**

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

Changes of benefit terms. The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

**Public Employees' Retirement System (PERS)**

**Pension Schedules**

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

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

**OPEB Schedules**

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

Changes of benefit terms. The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2023

	Title I Part A	Title I I Part A	Title III	Title IV	IDEA Basic	IDEA Preschool	ARP ESSER III	ARP Learning	ARP Summer	ARP Beyond Sch Day	ARP Mental Health	CRRSA ESSER II	CRRSA II Learning	Preschool Expansion Aid	Climate Change Pilot Grant	Non-Public Security	Non-Public Textbook	Non-Public Nurse	Non-Public Technology	Local Grants	Student Activities	Scholarship Fund	Totals	
<b>REVENUES</b>																								
Local Sources														\$ 917,748	\$ 6,660	\$ 2,980	\$ 385	\$ 641	\$ 238	\$ (110)	\$ 8,864	\$ 1	\$ 8,755	
State Sources																							928,652	
Federal Sources	\$ 105,823	\$ 15,241	\$ 196	\$ 13,598	\$ 149,190	\$ 8,546	\$ 358,959	\$ 21,416	\$ 19,435	\$ 19,323	\$ 45,000	\$ 227	\$ 19,440										776,394	
<b>TOTAL REVENUES</b>	<b>105,823</b>	<b>15,241</b>	<b>196</b>	<b>13,598</b>	<b>149,190</b>	<b>8,546</b>	<b>358,959</b>	<b>21,416</b>	<b>19,435</b>	<b>19,323</b>	<b>45,000</b>	<b>227</b>	<b>19,440</b>	<b>917,748</b>	<b>6,660</b>	<b>2,980</b>	<b>385</b>	<b>641</b>	<b>238</b>	<b>(110)</b>	<b>8,864</b>	<b>1</b>	<b>1,713,801</b>	
<b>EXPENDITURES:</b>																								
<b>Instruction:</b>																								
Salaries of Teachers	31,000			12,098					19,435	19,323			16,665	432,544									531,065	
Other Salaries for Instruction														296,190									296,190	
Purchased Professional and Technical Svc											45,000												45,000	
Other Purchased Services																		641		(110)			531	
Tuition					149,190																		149,190	
General Supplies	4,111						92,959							22,727	6,660								126,457	
TextBooks																		385					385	
<b>Total Instruction</b>	<b>35,111</b>			<b>12,098</b>	<b>149,190</b>		<b>92,959</b>		<b>19,435</b>	<b>19,323</b>	<b>45,000</b>		<b>16,665</b>	<b>751,461</b>	<b>6,660</b>		<b>385</b>	<b>641</b>		<b>(110)</b>			<b>1,148,818</b>	
<b>Support Services:</b>																								
Salaries of Supervisors	51,000													5,000									56,000	
Salaries of Program Directors														5,000									5,000	
Personal Services - Employee Bene.	19,712													156,287									175,999	
Cleaning, Repair, and Maintenance																								
Other Purchased Services				1,500		8,546		21,416					2,775										34,237	
Supplies and Materials		15,241	196																				15,437	
Student Activities																					8,451		8,451	
Scholarships																							-	
<b>Total Support Services</b>	<b>70,712</b>	<b>15,241</b>	<b>196</b>	<b>1,500</b>		<b>8,546</b>		<b>21,416</b>					<b>2,775</b>	<b>166,287</b>							<b>8,451</b>		<b>295,124</b>	
<b>Facilities Acq. &amp; Construction Svs</b>																								
Buildings							266,000					227					2,980			238			269,445	
<b>Total Facilities &amp; Construction Svs</b>							<b>266,000</b>					<b>227</b>					<b>2,980</b>			<b>238</b>			<b>269,445</b>	
<b>TOTAL EXPENDITURES</b>	<b>105,823</b>	<b>15,241</b>	<b>196</b>	<b>13,598</b>	<b>149,190</b>	<b>8,546</b>	<b>358,959</b>	<b>21,416</b>	<b>19,435</b>	<b>19,323</b>	<b>45,000</b>	<b>227</b>	<b>19,440</b>	<b>917,748</b>	<b>6,660</b>	<b>2,980</b>	<b>385</b>	<b>641</b>	<b>238</b>	<b>(110)</b>	<b>8,451</b>		<b>1,713,387</b>	
<b>Total Outflows</b>	<b>\$ 105,823</b>	<b>\$ 15,241</b>	<b>\$ 196</b>	<b>\$ 13,598</b>	<b>\$ 149,190</b>	<b>\$ 8,546</b>	<b>\$ 358,959</b>	<b>\$ 21,416</b>	<b>\$ 19,435</b>	<b>\$ 19,323</b>	<b>\$ 45,000</b>	<b>\$ 227</b>	<b>\$ 19,440</b>	<b>\$ 917,748</b>	<b>\$ 6,660</b>	<b>\$ 2,980</b>	<b>\$ 385</b>	<b>\$ 641</b>	<b>\$ 238</b>	<b>\$ (110)</b>	<b>\$ 8,451</b>	<b>-</b>	<b>\$ 1,713,387</b>	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	413	1	414	
<b>Fund Balance Beginning</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,177	6,133	10,310
<b>Prior Period Adjustment</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Fund Balance Beginning (Restated)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,177	6,133	10,310
<b>Fund Balance Ending</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 4,590	\$ 6,134	\$ 10,724



**Washington Borough School District  
Special Revenue Fund  
Preschool Education Aid Schedule of Expenditures  
Preschool - All Programs  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2023**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	\$ 472,672	\$ (40,128)	\$ 432,544	\$ 432,544	-
Other Salaries for Instruction	317,923	(21,733)	296,190	296,190	-
Purchased Professional Educational Services	59,987	(59,987)	-	-	-
General Supplies	55,000	(32,273)	22,727	22,727	-
<b>Total instruction</b>	<b>905,582</b>	<b>(154,121)</b>	<b>751,461</b>	<b>751,461</b>	<b>-</b>
<b>Support services:</b>					
Salaries of Supervisors	5,000	-	5,000	5,000	-
Salaries of Program Directors	5,000	-	5,000	5,000	-
Employee Benefits	156,287	-	156,287	156,287	-
Cleaning, Repair, and Maintenance	300,000	154,050	454,050	-	\$ 454,050
<b>Total support services</b>	<b>466,287</b>	<b>154,050</b>	<b>620,337</b>	<b>166,287</b>	<b>454,050</b>
<b>Total Expenditures</b>	<b>\$ 1,371,869</b>	<b>\$ (71)</b>	<b>\$ 1,371,798</b>	<b>\$ 917,748</b>	<b>\$ 454,050</b>

**CALCULATION OF BUDGET & CARRYOVER**

Total 2022-2023 PreK Aid Allocation	\$ 1,371,798
Add: Actual ECPA Carryover June 30, 2022	-
Add: Budgeted Transfer From General Fund	-
Total Funds Available for 2021-2023 Budget	1,371,798
Less: 2022-2023 Budgeted PreK & ECPA (Including prior year budgeted carryover)	(1,371,798)
Available & Unbudgeted Funds as of June 30, 2023	-
Add: June 30, 2023 Unexpended PreK Aid	454,050
2022-2023 Actual Carryover - PreK Aid	<u>\$ 454,050</u>
2022-2023 PreK Carryover Budgeted in 2023-2024	<u>-</u>

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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

N/A

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

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

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

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

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

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

N/A

## **LONG-TERM DEBT SCHEDULES**

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

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit I-1

SCHEDULE OF SERIAL BONDS  
AS OF ENDED JUNE 30, 2023

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2022</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2023</u>
			<u>DATE</u>	<u>AMOUNT</u>				
School Refunding Bonds Series 2021	4/15/21	\$ 1,655,000	7/15/23	\$ 110,000	4.00%	\$ 1,655,000	\$ (110,000)	\$ 1,545,000
			7/15/24	120,000				
			7/15/25	125,000				
			7/15/26	130,000				
			7/15/27	135,000				
			7/15/28	140,000				
			7/15/29	145,000				
			7/15/30	150,000				
			7/15/31	155,000				
			7/15/32	165,000				
			7/15/33	170,000				
			Total					

WASHINGTON BOROUGH SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Positive/ (Negative) Final to Actual</b>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 161,739	-	\$ 161,739	\$ 161,739	
Miscellaneous				-	\$ -
Total - Local Sources	161,739	-	161,739	161,739	-
<b>TOTAL REVENUES</b>	<b>161,739</b>		<b>161,739</b>	<b>161,739</b>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	64,000		64,000	64,000	
Redemption of Principal	110,000		110,000	110,000	
Total Regular Debt Service	174,000		174,000	174,000	
<b>TOTAL EXPENDITURES</b>	<b>174,000</b>		<b>174,000</b>	<b>174,000</b>	
Excess (Deficiency) of Revenues Over Expenditures	(12,261)		(12,261)	(12,261)	-
Fund Balance, July 1	35,389		35,389	35,389	
Fund Balance, June 30	23,128	-	23,128	23,128	-
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted Fund Balance	\$ 23,128	-	\$ 23,128	\$ 23,128	\$ -

Washington Borough School District  
**Statistical Section**

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

**Sources:**

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



**Washington Borough School District  
Net Position by Component,  
Last Ten Fiscal Years**

*(accrual basis of accounting)*

**Exhibit J-1**

	2014	2015	2016	2017	Fiscal Year Ending June 30,		2020	2021	2022	2023
					2018	2019				
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ (401,058)	\$ (626,659)	\$ (478,510)	\$ (595,552)	\$ (595,552)	\$ (797,058)	\$ (917,547)	\$ (855,113)	\$ (855,113)	\$ (855,113)
Restricted	862,622	729,162	1,104,167	1,233,143	1,192,447	1,211,531	1,518,145	2,529,888	3,463,479	4,655,903
Unrestricted	(28,318)	(1,643,049)	(1,659,802)	(1,828,789)	(2,061,430)	(1,835,833)	(1,600,951)	(1,908,156)	(1,701,118)	(2,493,416)
<b>Total governmental activities net position</b>	<b>\$ 433,246</b>	<b>\$ (1,540,546)</b>	<b>\$ (1,034,145)</b>	<b>\$ (1,191,198)</b>	<b>\$ (1,464,535)</b>	<b>\$ (1,421,360)</b>	<b>\$ (1,000,353)</b>	<b>\$ (233,381)</b>	<b>\$ 907,248</b>	<b>\$ 1,307,374</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	\$ 62,828	\$ 71,543	\$ 62,455	\$ 50,319	\$ 51,507	\$ 58,578	\$ 46,160	\$ 49,318	\$ 87,663	\$ 65,355
<b>Total business-type activities net position</b>	<b>\$ 62,828</b>	<b>\$ 71,543</b>	<b>\$ 62,455</b>	<b>\$ 50,319</b>	<b>\$ 51,507</b>	<b>\$ 58,578</b>	<b>\$ 46,160</b>	<b>\$ 49,318</b>	<b>\$ 87,663</b>	<b>\$ 65,355</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ (401,058)	\$ (626,659)	\$ (478,510)	\$ (595,552)	\$ (595,552)	\$ (797,058)	\$ (917,547)	\$ (855,113)	\$ (855,113)	\$ (855,113)
Restricted	862,622	729,162	1,104,167	1,233,143	1,192,447	1,211,531	1,518,145	2,529,888	3,463,479	4,655,903
Unrestricted	34,510	(1,571,506)	(1,597,347)	(1,778,470)	(2,009,923)	(1,777,255)	(1,554,791)	(1,858,838)	(1,613,455)	(2,428,061)
<b>Total district net position</b>	<b>\$ 496,074</b>	<b>\$ (1,469,003)</b>	<b>\$ (971,690)</b>	<b>\$ (1,140,879)</b>	<b>\$ (1,413,028)</b>	<b>\$ (1,362,782)</b>	<b>\$ (954,193)</b>	<b>\$ (184,063)</b>	<b>\$ 994,911</b>	<b>\$ 1,372,729</b>

Source: ACFR Schedule A-1

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

**Exhibit J-2**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 4,199,465	\$ 4,656,902	\$ 4,572,490	\$ 4,802,697	\$ 5,137,516	\$ 4,652,332	\$ 4,494,342	\$ 5,117,512	\$ 5,023,686	\$ 5,707,744
Special education	1,021,393	1,047,021	1,193,727	1,332,721	1,083,529	1,180,168	1,043,687	1,208,130	956,210	1,190,057
Other special education	200,665	344,822	273,591	559,298	642,494	583,506	471,267	355,439	328,940	191,595
Support Services:										
Tuition	260,742	334,847	39,886	75,736	249,788	61,465	181,128	35,650	864	32,058
Student & instruction related services	1,172,728	1,388,812	1,656,121	2,025,948	2,085,861	1,987,531	1,725,297	2,353,441	2,495,569	2,800,163
General administrative services	510,034	590,892	598,602	685,239	679,323	613,413	582,136	607,618	546,961	590,415
School administrative services	182,555	208,167	225,061	217,721	261,897	224,149	220,171	230,714	204,649	575,793
Business administrative services										
Plant operations and maintenance	659,959	753,041	814,248	984,812	1,079,309	972,743	1,340,431	1,927,947	1,531,861	1,447,649
Pupil transportation	255,637	234,473	167,745	184,437	273,593	326,544	174,577	87,760	160,538	101,604
Interest on long-term debt	106,460	104,456	102,361	100,165	97,964	94,566	91,259	96,494	33,548	61,391
Unallocated depreciation	32,560	32,560	22,704	22,704	23,049	23,049	23,049	22,257	21,764	23,498
Total governmental activities expenses	<u>8,602,198</u>	<u>9,695,993</u>	<u>9,666,536</u>	<u>10,991,478</u>	<u>11,614,323</u>	<u>10,719,466</u>	<u>10,347,344</u>	<u>12,042,962</u>	<u>11,304,590</u>	<u>12,721,967</u>
Business-type activities:										
Food service	199,082	200,158	220,553	212,774	181,952	180,856	145,642	206,019	352,727	319,469
Total business-type activities expense	<u>199,082</u>	<u>200,158</u>	<u>220,553</u>	<u>212,774</u>	<u>181,952</u>	<u>180,856</u>	<u>145,642</u>	<u>206,019</u>	<u>352,727</u>	<u>319,469</u>
Total district expenses	<u>\$ 8,801,280</u>	<u>\$ 9,896,151</u>	<u>\$ 9,887,089</u>	<u>\$ 11,204,252</u>	<u>\$ 11,796,275</u>	<u>\$ 10,900,322</u>	<u>\$ 10,492,986</u>	<u>\$ 12,248,981</u>	<u>\$ 11,657,317</u>	<u>\$ 13,041,436</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	\$ 10,251	\$ 20,500	\$ 33,392	\$ 24,439	\$ 41,129	\$ 45,325	\$ 48,467	\$ 5,000	\$ 903	\$ 8,864
Operating grants and contributions	3,742,773	4,691,883	5,116,179	5,910,992	6,329,762	5,459,157	5,350,063	7,336,539	6,979,202	7,692,537
Capital grants and contributions										
Total governmental activities program revenues	<u>3,753,024</u>	<u>4,712,383</u>	<u>5,149,571</u>	<u>5,935,431</u>	<u>6,370,891</u>	<u>5,504,482</u>	<u>5,398,530</u>	<u>7,341,539</u>	<u>6,980,105</u>	<u>7,701,401</u>
Business-type activities:										
Charges for services										
Food service	76,221	82,831	79,537	74,113	72,297	67,577	47,229	237	-	81,562
Operating grants and contributions	119,356	126,042	131,928	126,525	110,843	120,350	85,995	208,940	391,072	215,599
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>195,577</u>	<u>208,873</u>	<u>211,465</u>	<u>200,638</u>	<u>183,140</u>	<u>187,927</u>	<u>133,224</u>	<u>209,177</u>	<u>391,072</u>	<u>297,161</u>
Total district program revenues	<u>\$ 3,948,601</u>	<u>\$ 4,921,256</u>	<u>\$ 5,361,036</u>	<u>\$ 6,136,069</u>	<u>\$ 6,554,031</u>	<u>\$ 5,692,409</u>	<u>\$ 5,531,754</u>	<u>\$ 7,550,716</u>	<u>\$ 7,371,177</u>	<u>\$ 7,998,562</u>

-Continued-

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

**Exhibit J-2**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (4,849,174)	\$ (4,983,610)	\$ (4,516,965)	\$ (5,056,047)	\$ (5,243,432)	\$ (5,214,984)	\$ (4,948,814)	\$ (4,701,423)	\$ (4,324,485)	\$ (5,020,566)
Business-type activities	(3,505)	8,715	(9,088)	(12,136)	1,188	7,071	(12,418)	3,158	38,345	(22,308)
Total district-wide net expense	<u>\$ (4,852,679)</u>	<u>\$ (4,974,895)</u>	<u>\$ (4,526,053)</u>	<u>\$ (5,068,183)</u>	<u>\$ (5,242,244)</u>	<u>\$ (5,207,913)</u>	<u>\$ (4,961,232)</u>	<u>\$ (4,698,265)</u>	<u>\$ (4,286,140)</u>	<u>\$ (5,042,874)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 4,291,193	\$ 4,377,018	\$ 4,464,558	\$ 4,703,849	\$ 4,797,926	\$ 5,054,235	\$ 5,155,320	\$ 5,258,426	\$ 5,258,426	\$ 5,258,426
Taxes levied for debt service	183,399	192,888	195,836	191,499	166,488	198,663	190,288	191,911	192,787	161,739
Unrestricted grants and contributions										
Investment earnings	854	593	776	912	5,548	5,261	6,080	5,479	525	526
Miscellaneous income	82,428	3,809	92,005	2,734	133	-	5,546	12,579	13,376	1
Transfers										
Total governmental activities	<u>4,557,874</u>	<u>4,574,308</u>	<u>4,753,175</u>	<u>4,898,994</u>	<u>4,970,095</u>	<u>5,258,159</u>	<u>5,357,234</u>	<u>5,468,395</u>	<u>5,465,114</u>	<u>5,420,692</u>
Business-type activities:										
Miscellaneous income	-	-	-	-	-	-	-	-	-	-
Transfers										
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 4,557,874</u>	<u>\$ 4,574,308</u>	<u>\$ 4,753,175</u>	<u>\$ 4,898,994</u>	<u>\$ 4,970,095</u>	<u>\$ 5,258,159</u>	<u>\$ 5,357,234</u>	<u>\$ 5,468,395</u>	<u>\$ 5,465,114</u>	<u>\$ 5,420,692</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (291,300)	\$ (409,302)	\$ 236,210	\$ (157,053)	\$ (273,337)	\$ 43,175	\$ 408,420	\$ 766,972	\$ 1,140,629	\$ 400,126
Business-type activities	(3,505)	8,715	(9,088)	(12,136)	1,188	7,071	(12,418)	3,158	38,345	(22,308)
Total district	<u>\$ (294,805)</u>	<u>\$ (400,587)</u>	<u>\$ 227,122</u>	<u>\$ (169,189)</u>	<u>\$ (272,149)</u>	<u>\$ 50,246</u>	<u>\$ 396,002</u>	<u>\$ 770,130</u>	<u>\$ 1,178,974</u>	<u>\$ 377,818</u>

Source: ACFR Schedule A-2

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

**Exhibit J-3**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Fiscal Year Ending June 30,</u>		<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
					<u>2018</u>	<u>2019</u>				
General Fund										
Reserved	\$ 905,058	\$ 758,172	\$ 1,163,596	\$ 1,356,606	\$ 1,297,856	\$ 1,537,787	\$ 2,122,811	\$ 2,997,989	\$ 3,917,274	\$ 4,981,130
Unreserved	(2,724)	(1,401)	(20,573)	(20,510)	(14,750)	(26,635)	(46,365)	(9,004)	(23,206)	(93,141)
Total general fund	<u>\$ 902,334</u>	<u>\$ 756,771</u>	<u>\$ 1,143,023</u>	<u>\$ 1,336,096</u>	<u>\$ 1,283,106</u>	<u>\$ 1,511,152</u>	<u>\$ 2,076,446</u>	<u>\$ 2,988,985</u>	<u>\$ 3,894,068</u>	<u>\$ 4,887,989</u>
All Other Governmental Funds										
Reserved							\$ 12,587	\$ 9,702	\$ 10,310	\$ 10,724
Unreserved, reported in:										
Special revenue fund						\$ (24,979)	(42,108)	(128,476)	(150,446)	(137,180)
Capital projects fund										
Debt service fund	\$ 2	\$ 2	\$ 37,190	\$ 30,001	\$ 1	2	3	12,262	35,389	23,128
Total all other governmental funds	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 37,190</u>	<u>\$ 30,001</u>	<u>\$ 1</u>	<u>\$ (24,977)</u>	<u>\$ (29,518)</u>	<u>\$ (106,512)</u>	<u>\$ (104,747)</u>	<u>\$ (103,328)</u>

Source: ACFR Schedule B-1

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

**Exhibit J-4**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Revenues</b>										
Tax levy	\$ 4,474,592	\$ 4,569,906	\$ 4,660,394	\$ 4,895,348	\$ 4,964,414	\$ 5,252,898	\$ 5,345,608	\$ 5,450,337	\$ 5,451,213	\$ 5,420,165
Interest earnings										
Miscellaneous	93,533	24,902	126,173	28,085	46,810	50,586	60,093	23,058	14,804	9,391
State sources	3,458,277	3,563,676	3,697,234	3,795,273	3,944,314	4,310,648	4,736,820	5,565,148	6,763,719	7,372,903
Federal sources	284,496	290,456	310,144	274,904	344,099	308,912	332,326	493,908	452,310	1,088,878
<b>Total revenue</b>	<b>8,310,898</b>	<b>8,448,940</b>	<b>8,793,945</b>	<b>8,993,610</b>	<b>9,299,637</b>	<b>9,923,044</b>	<b>10,474,847</b>	<b>11,532,451</b>	<b>12,682,046</b>	<b>13,891,337</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	2,775,343	2,779,655	2,648,219	2,504,813	2,698,149	2,698,413	2,755,047	3,007,889	3,404,740	3,770,071
Special education instruction	746,292	688,101	744,709	751,774	611,231	736,478	686,224	756,616	685,343	830,148
Other special instruction	146,618	227,519	170,680	315,494	363,371	364,459	310,640	222,827	235,761	133,651
Other instruction										
Support Services:										
Tuition	190,514	220,937	24,883	42,722	141,271	38,391	119,392	22,349	619	22,363
Student & instruction related services	856,866	916,360	1,033,174	1,142,816	1,179,686	1,241,415	1,137,245	1,475,386	1,788,646	1,953,310
School administrative services	133,386	137,352	140,405	122,814	148,119	140,004	145,128	144,636	146,678	161,859
Other administrative services	372,662	389,880	373,439	386,536	384,200	383,139	383,720	380,919	392,023	411,856
Plant operations and maintenance	482,206	496,868	507,970	555,522	610,417	607,577	883,557	1,208,641	1,097,929	1,009,837
Pupil transportation	186,784	154,709	104,648	104,039	154,734	203,960	115,074	55,017	115,062	70,876
Unallocated employee benefits	2,258,878	2,374,516	2,414,055	2,622,954	2,833,958	3,021,133	3,116,450	3,194,328	3,648,680	3,733,199
Transfer to Charter School	20,588	493	-	47,069	12,473	73,203	69,700	23,132	39,962	25,868
Special Revenue										
Capital Outlay	12,485	15,225	12,485	12,485	48,530	13,142	14,217	13,253	50,095	598,959
Debt service:										
Principal	105,000	100,000	105,000	110,000	110,000	115,000	110,000	115,000	120,000	110,000
Interest and other charges	94,937	92,888	90,838	88,688	86,488	83,662	80,287	76,913	49,660	64,000
<b>Total expenditures</b>	<b>8,382,559</b>	<b>8,594,503</b>	<b>8,370,505</b>	<b>8,807,726</b>	<b>9,382,627</b>	<b>9,719,976</b>	<b>9,926,681</b>	<b>10,696,906</b>	<b>11,775,198</b>	<b>12,895,997</b>
Excess (Deficiency) of revenues over (under) expenditures	(71,661)	(145,563)	423,440	185,884	(82,990)	203,068	548,166	835,545	906,848	995,340
<b>Other Financing Sources (uses)</b>										
Bond proceeds										
Accrued interest										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (71,661)</b>	<b>\$ (145,563)</b>	<b>\$ 423,440</b>	<b>\$ 185,884</b>	<b>\$ (82,990)</b>	<b>\$ 203,068</b>	<b>\$ 548,166</b>	<b>\$ 835,545</b>	<b>\$ 906,848</b>	<b>\$ 995,340</b>
Debt service as a percentage of noncapital expenditures	2.4%	2.2%	2.3%	2.3%	2.1%	2.0%	1.9%	1.8%	1.4%	1.4%

Source: ACFR Schedule B-2

WASHINGTON BOROUGH SCHOOL DISTRICT

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Other</u> <u>State</u> <u>Aid</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	\$ 854	\$ 10,086	\$ 10,251	\$ 63,247	\$ 9,095	\$ 93,533
2015	593	881	20,500		2,928	24,902
2016	776	7,348	33,392	47,662	1,202	90,380
2017	912		24,439		2,734	28,085
2018	5,548		41,129		133	46,810
2019	5,261		45,325		-	50,586
2020	6,080		48,467		5,546	60,093
2021	5,479		-		313	5,792
2022	525		-		13,237	13,762
2023	526		-		-	526

SOURCE: District Records

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

**Exhibit J-6**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2014	\$3,861,800	\$283,660,960	\$437,600	\$5,300	\$45,295,800	\$16,323,400	\$19,350,900	\$401,645,750	\$30,736,425	\$1,973,565	\$370,909,325	\$1.227	\$475,996,770
2015	3,519,500	285,790,960	437,600	5,300	45,255,400	16,323,400	19,350,900	404,384,507	31,893,625	1,807,822	372,490,882	1.255	463,639,899
2016	2,340,900	290,037,560	-	10,100	43,632,300	14,766,600	18,450,900	405,151,573	33,944,425	1,968,788	371,207,148	1.329	443,330,536
2017	1,792,100	287,893,160	437,600	10,100	44,069,600	13,894,600	18,389,700	401,702,392	33,266,625	1,948,907	368,435,767	1.349	441,651,116
2018	1,338,300	288,717,900	437,600	10,100	43,451,500	13,714,300	18,773,700	401,741,096	33,421,225	1,876,471	368,319,871	1.433	457,795,613
2019	1,773,000	288,213,500	437,600	10,100	42,956,700	12,327,300	19,077,700	399,052,972	32,402,625	1,854,447	366,650,347	1.433	463,852,200
2020	1,493,000	288,856,300	437,600	10,100	43,863,300	12,327,300	19,461,700	398,382,625	31,933,325	-	366,449,300	1.489	456,250,143
2021	1,568,200	289,085,200	437,600	5,300	43,909,900	11,677,300	19,461,700	398,206,225	32,061,025	-	366,145,200	1.487	447,698,821
2022	1,697,300	288,863,272	437,600	3,700	44,349,900	11,622,300	19,525,700	398,141,797	31,642,025	-	366,499,772	1.474	452,498,068
2023	1,733,800	289,204,372	437,600	3,700	45,138,400	11,607,100	19,525,700	399,299,897	31,649,225	-	367,650,672	1.474	508,250,334

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

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

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Washington Borough Board of Education			Warren Hills Regional School District	Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct		Washington Borough	Warren County	
2014	\$1.157	\$0.049	\$1.206	\$1.094	\$1.475	\$0.850	\$4.625
2015	\$1.175	\$0.052	\$1.227	\$1.123	\$1.455	\$0.890	\$4.695
2016	\$1.192	\$0.063	\$1.255	\$1.077	\$1.460	\$0.864	\$4.656
2017	\$1.277	\$0.052	\$1.329	\$1.154	\$1.471	\$0.845	\$4.799
2018	\$1.304	\$0.045	\$1.349	\$1.251	\$1.491	\$0.883	\$4.974
2019	\$1.379	\$0.054	\$1.433	\$1.357	\$1.538	\$0.858	\$5.186
2020	\$1.407	\$0.052	\$1.459	\$1.329	\$1.539	\$0.829	\$5.156
2021	\$1.433	\$0.056	\$1.489	\$1.337	\$1.539	\$0.796	\$5.161
2022	\$1.434	\$0.053	\$1.487	\$1.313	\$1.439	\$0.801	\$5.040
2023	\$1.430	\$0.044	\$1.474	\$1.455	\$1.434	\$0.871	\$5.234

Source: District Records and Municipal Tax Collector

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

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

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



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

**Exhibit J-8**

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Warren Washington Assn.	\$ 5,500,000	1	1.50%	\$ 5,800,000	2	2.04%
BASF Corporation	4,722,000	2	1.28%	4,114,400	3	1.43%
Twist Beauty Packaging	4,052,900	3	1.10%			
Washington Plaza Assoc.	3,400,000	4	0.92%			1.08%
Bell Atlantic	3,266,765	5	0.89%	1,499,500	5	
Washington Gardens LOC	2,950,000	6	0.80%	1,700,000	7	0.59%
Washington Heights, LLC	2,000,000	7	0.54%	3,438,100	4	0.54%
Individual Taxpayer #1	1,939,800	8	0.53%	1,547,000	8	1.20%
Midtown/Limited, Inc.	1,755,200	9	0.48%			
Rural Housing Service (Westgate Apts)	1,740,000	10	0.47%			
American National Can Co.				6,060,000	1	2.11%
<b>Total</b>	<b>\$ 31,326,665</b>		<b>8.52%</b>	<b>\$ 24,159,000</b>		<b>8.99%</b>

Washington Gardens LOC

Source: District ACFR & Municipal Tax Assessor; No Current Data Available.

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$4,291,193	\$4,291,193	100.00%	-
2015	\$4,377,018	\$4,377,018	100.00%	-
2016	\$4,464,558	\$4,464,558	100.00%	-
2017	\$4,703,849	\$4,703,849	100.00%	-
2018	\$4,797,926	\$4,797,926	100.00%	-
2019	\$5,054,235	\$5,054,235	100.00%	-
2020	\$5,155,320	\$5,155,320	100.00%	-
2021	\$5,258,426	\$5,258,426	100.00%	-
2022	\$5,258,426	\$5,258,426	100.00%	-
2023	\$5,258,426	\$5,258,426	100.00%	-

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

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

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

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2014	\$ 2,710,000	-0-	-0-	-0-	-0-	\$ 2,710,000	0.86%	\$416.92	
2015	\$ 2,610,000	-0-	-0-	-0-	-0-	\$ 2,610,000	0.83%	\$401.66	
2016	\$ 2,505,000	-0-	-0-	-0-	-0-	\$ 2,505,000	0.76%	\$385.86	
2017	\$ 2,395,000	-0-	-0-	-0-	-0-	\$ 2,395,000	0.72%	\$368.92	
2018	\$ 2,285,000	-0-	-0-	-0-	-0-	\$ 2,285,000	0.68%	\$350.25	
2019	\$ 2,170,000	-0-	-0-	-0-	-0-	\$ 2,170,000	0.63%	\$336.33	
2020	\$ 2,060,000	-0-	-0-	-0-	-0-	\$ 2,060,000	0.57%	\$319.38	
2021	\$ 1,775,000	-0-	-0-	-0-	-0-	\$ 1,775,000	0.48%	\$274.81	
2022	\$ 1,655,000	-0-	-0-	-0-	-0-	\$ 1,655,000	0.37%	\$226.28	
2023	\$ 1,545,000	-0-	-0-	-0-	-0-	\$ 1,545,000	0.33%	\$210.35	

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

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

- a** See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding
- \* Current data unavailable

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

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 2,710,000	-0-	\$ 2,710,000	0.73%	\$ 417
2015	\$ 2,610,000	-0-	\$ 2,610,000	0.70%	\$ 402
2016	\$ 2,505,000	-0-	\$ 2,505,000	0.67%	\$ 386
2017	\$ 2,395,000	-0-	\$ 2,395,000	0.65%	\$ 369
2018	\$ 2,285,000	-0-	\$ 2,285,000	0.62%	\$ 350
2019	\$ 2,170,000	-0-	\$ 2,170,000	0.59%	\$ 336
2020	\$ 2,060,000	-0-	\$ 2,060,000	0.56%	\$ 319
2021	\$ 1,775,000	-0-	\$ 1,775,000	0.48%	\$ 275
2022	\$ 1,655,000	-0-	\$ 1,655,000	0.45%	\$ 226
2023	\$ 1,545,000	-0-	\$ 1,545,000	0.42%	\$ 210

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

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

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

\* Current data unavailable

**Washington Borough School District  
 Ratios of Overlapping Governmental Activities Debt  
 As of June 30, 2023**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of Washington	\$ 3,578,679	100.000%	\$ 3,578,679
<b>Other debt</b>			
Warren County	830,000	4.190%	<u>34,774</u>
Subtotal, overlapping debt			3,613,453
<b>Washington Borough School District Direct Debt</b>			<u>1,545,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 5,158,453</u></u>

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

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

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

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

**Exhibit J-13**

**Legal Debt Margin Calculation for Fiscal Year 2023**

	Equalized valuation basis
	2020 \$ 449,202,797
	2021 503,710,517
	2022 555,195,820
	<u>[A] \$ 1,508,109,134</u>
Average equalized valuation of taxable property	[A/3] \$ 502,703,045
Debt limit (2.5% of average equalization value)	[B] 22,621,637
Net bonded school debt	[C] 1,545,000
Legal debt margin	<u>[B-C] \$ 21,076,637</u>

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit	\$12,026,816	\$11,393,914	\$11,134,004	\$11,105,961	\$11,282,425	\$11,377,200	\$11,312,166	\$20,194,175	\$20,970,983	\$22,621,637
Total net debt applicable to limit	<u>2,710,000</u>	<u>2,610,000</u>	<u>2,505,000</u>	<u>2,395,000</u>	<u>2,285,000</u>	<u>2,170,000</u>	<u>2,060,000</u>	<u>1,775,000</u>	<u>1,655,000</u>	<u>1,545,000</u>
Legal debt margin	<u>\$9,316,816</u>	<u>\$8,783,914</u>	<u>\$8,629,004</u>	<u>\$8,710,961</u>	<u>\$8,997,425</u>	<u>\$9,207,200</u>	<u>\$9,252,166</u>	<u>\$18,409,175</u>	<u>\$19,315,983</u>	<u>\$21,076,637</u>
Total net debt applicable to the limit as a percentage of debt limit	22.53%	22.91%	22.50%	21.56%	20.25%	19.07%	18.21%	8.79%	8.79%	6.83%

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

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

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

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2014	6,512	\$ 314,100,765	\$48,887 R	6.4%
2015	6,552	\$ 316,192,500	\$50,741 R	5.7%
2016	6,534	\$ 316,095,210	\$51,503 R	5.3%
2017	6,498	\$ 330,455,784	\$53,149 R	5.2%
2018	6,496	\$ 335,685,896	\$54,973 R	4.7%
2019	6,486	\$ 345,382,012	\$56,956 R	4.2%
2020	6,460	\$ 361,574,100	\$60,525 R	10.5%
2021	6,459	\$ 373,678,986	\$63,041 R	6.2%
2022	7,314	\$ 442,679,850	\$63,041 *	4.0%
2023	7,345	\$ 463,036,145	\$63,041 *	*

**Source:**

<sup>a</sup> Combined Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal Income provided by US Dept of Commerce

<sup>c</sup> Per Capita provided by US Dept of Commerce

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

P =Projected

R =Revised

\* Current data unavailable

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

Exhibit J-15  
 N/A

Employer	2023			2014		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

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



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

**Exhibit J-16**

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	38.6	38.6	37.0	37.0	37.0	39.0	39.5	35.5	34.6	38.6
Special education	12.5	12.5	12.0	12.0	12.0	12.0	10.0	10.0	7.0	9.0
Other special education	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	9.0	8.5
Other instruction	10.0	10.0	10.0	10.0	10.0	11.5	18.0	23.0	13.5	9.0
Support Services:										
Tuition										
Student & instruction related services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	8.0	8.8
General administrative services	5.0	5.0	5.0	5.0	4.0	4.0	5.0	4.0	2.0	2.0
School administrative services	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	4.0
Central services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Plant operations and maintenance	5.0	5.0	5.0	4.0	6.0	6.0	6.0	5.0	6.0	6.0
Special Schools										
Total	<u>79.1</u>	<u>79.1</u>	<u>77.0</u>	<u>76.0</u>	<u>78.0</u>	<u>81.5</u>	<u>87.5</u>	<u>86.5</u>	<u>85.1</u>	<u>87.9</u>

**Source:** District Personnel Records

Washington Borough School District  
 Operating Statistics  
 Last Ten Fiscal Years

Exhibit J-17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2014	560	\$8,149,549	\$ 14,553	-0.73%	56	10.0:1	550.8	525.8	1.38%	95.47%
2015	577	\$8,385,897	\$ 14,534	-0.13%	56	9.7:1	566.2	536.6	2.80%	94.77%
2016	548	\$8,162,182	\$ 14,894	2.48%	56	9.8:1	548.3	520.4	-3.16%	94.91%
2017	502	\$8,549,484	\$ 17,031	14.34%	56	9.0:1	505.0	479.4	-7.90%	94.92%
2018	476	\$9,125,136	\$ 19,170	12.56%	56	8.5:1	474.4	451.6	-6.06%	95.19%
2019	493	\$9,434,969	\$ 19,138	-0.17%	55	8.9:1	488.6	462.0	2.99%	94.55%
2020	495	\$9,652,477	\$ 19,500	1.89%	54	9.2:1	487.2	463.2	-0.29%	95.07%
2021	501	\$10,468,608	\$ 20,895	7.16%	56	8.9:1	503.9	471.2	3.42%	93.51%
2022	508	\$11,515,481	\$ 22,668	8.48%	56	8.9:1	512.6	453.8	1.73%	88.53%
2023	567	\$12,097,170	\$ 21,335	-5.88%	56	10.1:1	561.9	520.5	9.61%	92.63%

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

**Note:** Enrollment based on annual October district count.

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

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

**Exhibit J-18**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Taylor School										
Square Feet	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512
Capacity (students)	268	268	268	268	268	268	268	268	268	268
Enrollment	249	262	236	201	185	200	226	190	203	226
Memorial School										
Square Feet	48,708	48,708	48,708	48,708	48,708	48,708	48,708	48,708	48,708	48,708
Capacity (students)	358	358	358	358	358	358	358	358	358	358
Enrollment <sup>a</sup>	311	315	313	301	291	293	269	311	305	341
Total Enrollment	560	577	549	502	476	493	495	501	508	567

Nun

7 **Source:** District records, ASSA

Elementary = 2

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

WASHINGTON BOROUGH SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
Last Ten Fiscal Years Ending June 30, 2023

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
Washington Memorial School	055	\$50,202	\$50,478	\$48,084	\$42,952	\$63,003	\$33,774	\$130,619	\$320,814	\$190,015	\$105,937	\$1,035,878
Taylor Street School	060	52,671	52,960	50,448	45,064	66,102	35,435	137,043	336,592	199,360	111,148	1,086,823
Total School Facilities		102,873	103,438	98,532	88,016	129,105	69,209	267,662	657,406	389,375	217,085	2,122,701
Other Facilities												
<b>Grand Total</b>		<b>\$102,873</b>	<b>\$103,438</b>	<b>\$98,532</b>	<b>\$88,016</b>	<b>\$129,105</b>	<b>\$69,209</b>	<b>\$267,662</b>	<b>\$657,406</b>	<b>\$389,375</b>	<b>\$217,085</b>	<b>\$2,122,701</b>

WASHINGTON BOROUGH SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2023

UNAUDITED

Exhibit J-20

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

SOURCE: District Records

# **Single Audit Section**



## **ARDITO & COMPANY LLC**

1110 Harrison Street, Suite C  
 Frenchtown, New Jersey 08825-1192  
 908-996-4711 Fax: 908-996-4688  
 e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA

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

#### Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington Borough School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Washington Borough School District Board of Education's basic financial statements, and have issued our report thereon dated October 26, 2023.

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

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

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

-Continued-

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Ardito & Company LLC*

**ARDITO & COMPANY LLC**

October 26, 2023

*Anthony Ardito*

Anthony Ardito

Licensed Public School Accountant No. 2369





## **ARDITO & COMPANY LLC**

1110 Harrison Street, Suite C  
 Frenchtown, New Jersey 08825-1192  
 908-996-4711 Fax: 908-996-4688  
 e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA

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

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

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

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

We have audited the Washington Borough School District Board of Education's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The Washington Borough School District Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Washington Borough School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance, and New Jersey OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

-Continued-

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

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

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

In performing an audit in accordance with generally accepted auditing standards, ***Government Auditing Standards***, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

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

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

***Report on Internal Control Over Compliance***

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

-Continued-

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

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

*Ardito & Company LLC*

**ARDITO & COMPANY LLC**

Frenchtown, New Jersey

October 26, 2023

*Anthony Ardito*

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

**ARDITO & COMPANY LLC**

Frenchtown, New Jersey

October 26, 2023

WASHINGTON BOROUGH SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2023

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2022	Carryover/ Walkover/ Amount	Cash Received	Budget Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2023			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
<b>U.S. Department of Education Passed-through</b>																
<b>State Department of Education:</b>																
<b>General Fund:</b>																
Medical Assistance Program (SEMI)	93.778	2205NJ5MAP	N/A	\$ 23,415	7/1/22	6/30/23	-		\$ 23,415	\$ (23,415)						\$ 23,415
<b>Total General Fund</b>							-	-	<b>23,415</b>	<b>(23,415)</b>	-	-	-	-	-	<b>23,415</b>
<b>U.S. Department of Education Passed-through</b>																
<b>State Department of Education:</b>																
<b>Special Revenue Fund:</b>																
Title I	84.010	S010A220030	N/A	105,823	7/1/22	6/30/23	\$ (422)		106,245	(105,823)						105,823
Title I Cluster							(422)	-	106,245	(105,823)	-	-	-	-	-	105,823
Title II Part A	84.367A	S367A220029	N/A	15,241	7/1/22	6/30/23	-		15,241	(15,241)						15,241
Title III	84.365A	S365A220030	N/A	196	7/1/22	6/30/23	(197)		196	(196)		\$ (197)				196
Title IV	84.424A	S424A220031	N/A	10,000	7/1/22	6/30/23	-		10,000	(10,000)						10,000
Title IV	84.424A	S424A210031	N/A	10,000	7/1/21	6/30/22	-		3,598	(3,598)						3,598
I.D.E.A. Part B, Basic Regular	84.027A	H027A220100	FT279022	149,190	7/1/22	6/30/23	(5,445)		151,654	(149,190)			(2,981)			149,190
I.D.E.A. Part B, Basic Preschool Special Education Cluster	84.173A	H173A220114	FT279022	8,546	7/1/22	6/30/23	-		7,695	(8,546)			(851)			8,546
							(5,445)	-	159,349	(157,736)	-	-	(3,832)	-	-	157,736
American Rescue Plan-ESSER III	84.425U	S425U220027	ARP	971,625	3/13/20	9/30/24	(31,439)		314,000	(358,959)			(657,625)	\$ 581,227		390,398
American Rescue Plan-Accel. Learn. Coaching & Ed. Support	84.425U	S425U220027	ARP	50,000	3/13/20	9/30/24	-		1,850	(21,416)			(48,150)	28,584		21,416
American Rescue Plan-Evidence Based Summer Learning	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24	-		10,266	(19,435)			(29,734)	20,565		19,435
American Rescue Plan-Evidence Based Beyond the Sch. Day	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24	-		5,953	(19,323)			(34,047)	20,677		19,323
American Rescue Plan-NJTSS Mental Health Support Staffing	84.425U	S425U220027	ARP	45,000	3/13/20	9/30/24	-		45,000	(45,000)			-	-		45,000
CRRSA - ESSER II	84.425D	S425D220027	CRRSA	432,326	3/13/20	9/30/23	(383,919)		357,475	(227)			(37,241)	10,570		421,756
CRRSA - Learning	84.425D	S425D220027	CRRSA	27,744	3/13/20	9/30/23	(56)		19,496	(19,440)			-	-		27,744
<b>Total Education Stabilization Fund</b>							(415,414)	-	754,040	(483,800)	-	-	(806,797)	661,623	-	945,072
<b>Total Special Revenue Fund</b>							<b>(421,478)</b>	<b>-</b>	<b>1,048,669</b>	<b>(776,394)</b>	<b>-</b>	<b>-</b>	<b>(810,826)</b>	<b>661,623</b>	<b>-</b>	<b>1,237,666</b>
<b>State Department of Agriculture</b>																
<b>Enterprise Fund:</b>																
Child Nutrition Cluster:																
National School Lunch Program (Food Distribution)	10.555	221NJ304N1099	N/A		7/1/21	6/30/22	906			(906)						906
National School Lunch Program (Food Distribution)	10.555	231NJ304N1199	N/A	12,765	7/1/22	6/30/23			12,765	(11,147)				1,618		11,147
School Breakfast Program	10.553	221NJ304N1099	N/A		7/1/21	6/30/22	(5,577)		5,577							
School Breakfast Program	10.553	231NJ304N1199	N/A	34,079	7/1/22	6/30/23			32,514	(34,079)			(1,565)			34,079
National School Lunch Program	10.555	221NJ304N1099	N/A		7/1/21	6/30/22	(13,464)		13,464							
National School Lunch Program	10.555	231NJ304N1199	N/A	125,537	7/1/22	6/30/23			121,221	(125,537)			(4,316)			125,537
Supply Chain Assistance Funding	10.555	231NJ344N8903	N/A	37,914	7/1/22	6/30/23			37,914	(37,914)			-			37,914
<b>Total Child Nutrition Cluster</b>							(18,135)	-	223,455	(209,583)	-	-	(5,881)	1,618	-	209,583
<b>Total Enterprise Fund</b>							<b>(18,135)</b>	<b>-</b>	<b>223,455</b>	<b>(209,583)</b>	<b>-</b>	<b>-</b>	<b>(5,881)</b>	<b>1,618</b>	<b>-</b>	<b>209,583</b>
<b>TOTAL FEDERAL ASSISTANCE</b>							<b>\$ (439,613)</b>	<b>-</b>	<b>\$ 1,295,539</b>	<b>\$ (1,009,392)</b>	<b>-</b>	<b>-</b>	<b>\$ (816,707)</b>	<b>\$ 663,241</b>	<b>-</b>	<b>\$ 1,470,664</b>

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

WASHINGTON BOROUGH SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2023

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2022	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2023			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
<b>State Department of Education</b>															
<b>General Fund:</b>															
Equalization Aid	23-495-034-5123-078	7/1/22-6/30/23	\$ 2,992,846			\$ 2,992,846	\$ (2,992,846)								*
Transportation Aid	23-495-034-5123-014	7/1/22-6/30/23	27,569			27,569	(27,569)								*
Special Education Aid	23-495-034-5123-089	7/1/22-6/30/23	330,519			330,519	(330,519)								*
Security Aid	23-495-034-5123-084	7/1/22-6/30/23	96,092			96,092	(96,092)								*
Maintenance of Equity Aid	23-495-034-5120-128	7/1/22-6/30/23	335,135				(335,135)			\$ (335,135)					*
Non-Public Transportation Aid	23-100-034-5123-068	7/1/22-6/30/23	312				(312)			(312)					*
Non-Public Transportation Aid	22-100-034-5123-068	7/1/21-6/30/22	1,450	\$ (1,450)		1,450	-								*
On Behalf TPAF Pension	23-495-034-5094-002	7/1/22-6/30/23	1,389,676			1,389,676	(1,389,676)								*
On Behalf TPAF Pension PRM	23-495-034-5094-001	7/1/22-6/30/23	365,065			365,065	(365,065)								*
On Behalf TPAF Pension LTD Ins	23-495-034-5094-004	7/1/22-6/30/23	806			806	(806)								*
Reimbursed TPAF Soc. Secur. Contrib.	23-495-034-5094-003	7/1/22-6/30/23	281,390	(13,413)		280,883	(281,390)			(13,920)					*
<b>Total General Fund</b>				<b>(14,863)</b>		<b>5,484,906</b>	<b>(5,819,410)</b>			<b>(349,367)</b>			<b>343,453</b>	<b>5,819,410</b>	*
<b>Special Revenue Fund:</b>															
Preschool Education Expansion Aid	23-495-034-5123-086	7/1/22-6/30/23	1,371,798			1,371,798	(917,748)			-	\$ 454,050		137,180	917,748	*
School Climate Change Pilot	Not Available	4/1/23-6/30/23	6,660			6,660	(6,660)							6,660	*
N.J. Nonpublic Aid:															
Textbooks Aid	23-100-034-5120-064	7/1/22-6/30/23	396			396	(385)				\$ 11			385	*
Technology Aid	23-100-034-5120-373	7/1/22-6/30/23	252			252	(238)				14			238	*
Nursing Services	23-100-034-5123-070	7/1/22-6/30/23	672			672	(641)				31			641	*
Security Aid	23-100-034-5120-509	7/1/22-6/30/23	4,100			4,100	(2,980)				1,120			2,980	*
<b>Total Special Revenue Fund</b>				-	-	<b>1,383,878</b>	<b>(928,652)</b>	-	-	-	<b>454,050</b>	<b>1,176</b>	<b>137,180</b>	<b>928,652</b>	*
<b>State Department of Agriculture</b>															
<b>Enterprise Fund:</b>															
Nat. School Lunch Prog.(State Share)	22-100-010-3350-023	7/1/21-6/30/22		(480)		480									*
Nat. School Lunch Prog.(State Share)	23-100-010-3350-023	7/1/22-6/30/23	6,016			5,801	(6,016)			(215)				6,016	*
<b>Total Enterprise Fund</b>				<b>(480)</b>		<b>6,281</b>	<b>(6,016)</b>			<b>(215)</b>				<b>6,016</b>	*
<b>Total State Financial Assistance</b>				<b>\$ (15,343)</b>	-	<b>\$ 6,875,065</b>	<b>\$ (6,754,078)</b>	-	-	<b>\$ (349,582)</b>	<b>\$ 454,050</b>	<b>1,176</b>	<b>\$ 480,633</b>	<b>\$ 6,754,078</b>	*
<u>Less: On-behalf TPAF Pension Amounts</u>															
On Behalf TPAF Pension	23-495-034-5094-002						1,389,676								
On Behalf TPAF Pension PRM	23-495-034-5094-001						365,065								
On Behalf TPAF Pension LTD Ins	23-495-034-5094-004						806								
<b>Total State Expenditures Subject to Major Program Determination</b>							<b>\$ (4,998,531)</b>								

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

NOTES TO THE SCHEDULES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE JUNE 30, 2023

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and NJ OMB 15-08*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$11,198) for the general fund and \$911,953 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE JUNE 30, 2023

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 23,415	\$ 5,808,212	\$ 5,831,627
Special Revenue Fund	1,065,463	1,564,691	2,630,154
Food Service Fund	<u>209,583</u>	<u>6,016</u>	<u>215,599</u>
Total Financial Assistance	<u>\$1,298,461</u>	<u>\$ 7,378,919</u>	<u>\$ 8,677,380</u>

**NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2023.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_ Yes \_\_x\_\_ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes \_\_x\_\_ None Reported

Noncompliance material to financial statements noted? \_\_\_ Yes \_\_x\_\_ No

**Federal Awards**

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_ Yes \_\_x\_\_ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes \_\_x\_\_ None

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

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

Identification of major programs:

<u>Assistance Listing</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425U	S425U220027	American Rescue Plan (Education Stabilization Fund)
84.425D	S425D220027	CRRSA (Education Stabilization Fund)

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

Auditee qualified as low-risk auditee? \_\_\_ Yes \_\_x\_\_ No



SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**State Financial Assistance Section**

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

Auditee qualified as low-risk auditee? x Yes    No

Internal Control over major programs:  
1) Material weakness(es) identified?    Yes x No

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable?    Yes x No

Identification of major programs:

**State Grant/Project Number(s)**

23-495-034-5122-078

23-495-034-5122-089

23-495-034-5122-084

23-495-034-5122-128

**Name of State Program**

Equalization Aid (State Aid Cluster)

Special Education Aid (State Aid Cluster)

Security Aid (State Aid Cluster)

Maintenance of Equity Aid

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Section II-Financial Statement Findings**

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

**Financial Statement**      N/A

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

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

**Federal Awards**      N/A

**State Awards**      N/A

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**STATUS OF PRIOR YEAR FINDINGS**

N/A

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