

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Warren, New Jersey

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

of the

Watchung Hills Regional High School District

Warren, New Jersey

For The Fiscal Year Ended June 30, 2024

Prepared by

Business Office

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WATCHUNG HILLS REGIONAL HIGH SCHOOL

ELIZABETH C. JEWETT, PhD
SUPERINTENDENT

TIMOTHY M. STYS, CPA
BUSINESS ADMINISTRATOR

WILLIAM J. LIBRERA
PRINCIPAL

December 18, 2024

Honorable President and
Members of the Board of Education
Watchung Hills Regional High School District
108 Stirling Road
Warren, NJ 07059

Dear Board Members:

The annual comprehensive financial report of the Watchung Hills Regional High School District Board of Education for the fiscal year ended June 30, 2024, 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 Watchung Hills Regional High School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the Independent Auditors' Report, Management's Discussion and Analysis and basic financial statements including the district-wide financial statements presented in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statements. The basic financial statements also include individual fund financial statements, Notes to Financial Statements and Required Supplementary Information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance), and the State OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Watchung Hills Regional High School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Watchung Hills Regional High School Board of Education constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12. These include regular, vocational as well as special education for handicapped students. The District completed the 2023/2024 fiscal year with an enrollment of 1,674 which is 49 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Fiscal <u>Year</u>	Student <u>Enrollment</u>	Percent <u>Change</u>
2023/2024	1,674	(2.84%)
2022/2023	1,723	(4.54%)
2021/2022	1,805	(5.00%)
2020/2021	1,900	(1.81%)
2019/2020	1,935	(1.53%)
2018/2019	1,965	(2.43%)
2017/2018	2,014	(2.42%)
2016/2017	2,064	(3.42%)
2015/2016	2,137	(2.73%)
2014/2015	2,197	1.01%

2. ECONOMIC CONDITION AND OUTLOOK:

The Watchung Hills Regional High School area is experiencing a reduction in enrollment. Student population has steadily declined since 2015/2016. The State of New Jersey continues to add costly mandates while maintaining or reducing state aid with a 2% budget CAP. Despite the challenging environment, the Watchung Hills Regional High School is committed to move forward with the expectation of full compliance to regulations, adherence to the strict budget CAP and understanding of the difficult economic conditions of our taxpayers while continuing to provide high quality instruction to students.

3. 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



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TIMOTHY M. STYS, CPA
BUSINESS ADMINISTRATOR

WILLIAM J. LIBRERA
PRINCIPAL

conformity with 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 a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the District 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. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

4. 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 voters of the municipality. Annual appropriated budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2024.

5. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in the "Notes to the Financial Statements".

6. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in the "Notes to the Financial Statements", Note 4. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA) or New Jersey Cash Management Fund. GUDPA was enacted 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



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depositories located in New Jersey, which the funds are secured in accordance with the Act or the New Jersey Cash Management Fund.

7. 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.

8. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Bliss, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U.S. Uniform Guidance and the State OMB Circular 15-08. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

9. ACKNOWLEDGEMENTS:

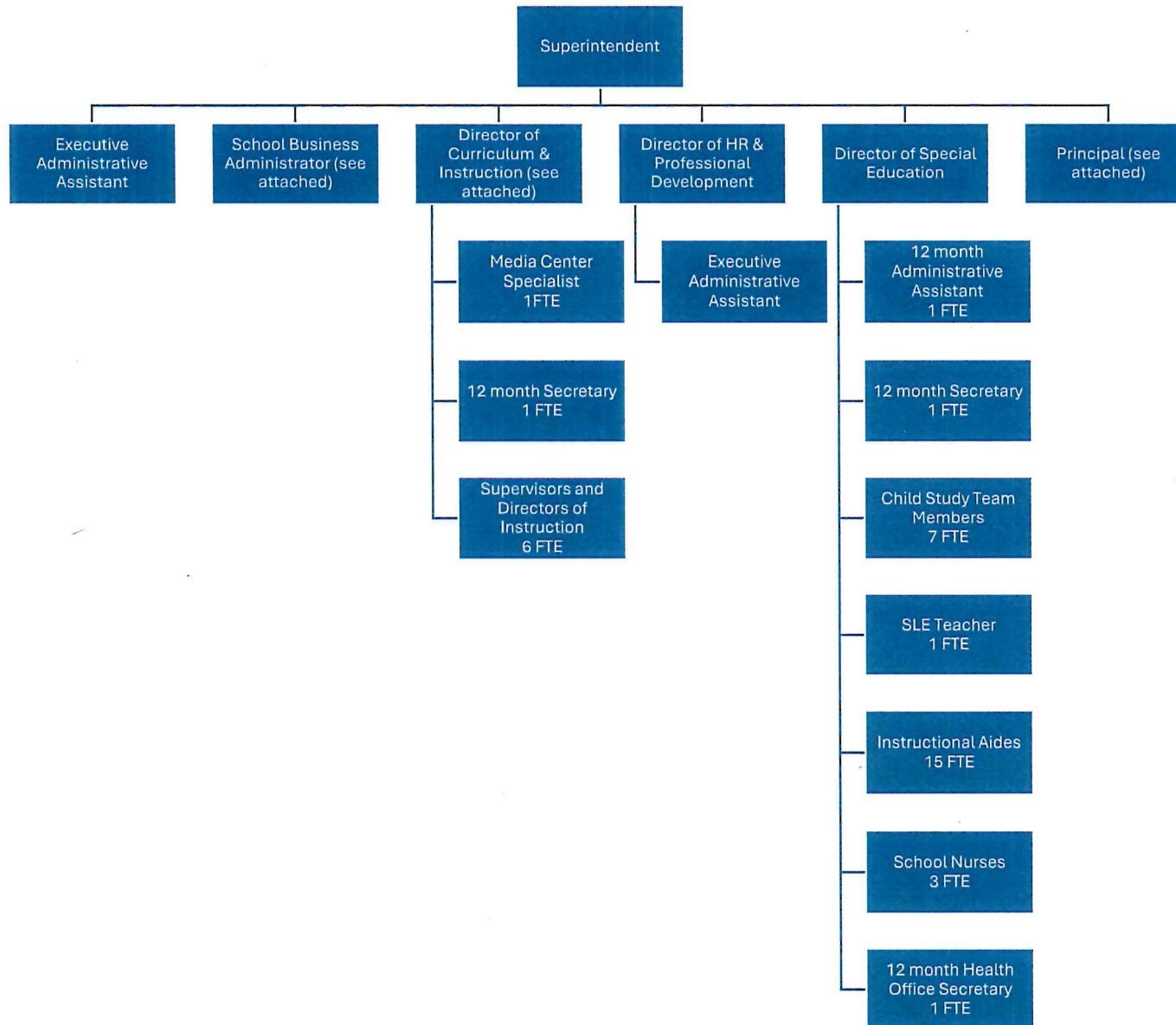
We would like to express our appreciation to the members of the Watchung Hills Regional High School Board of Education for the concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

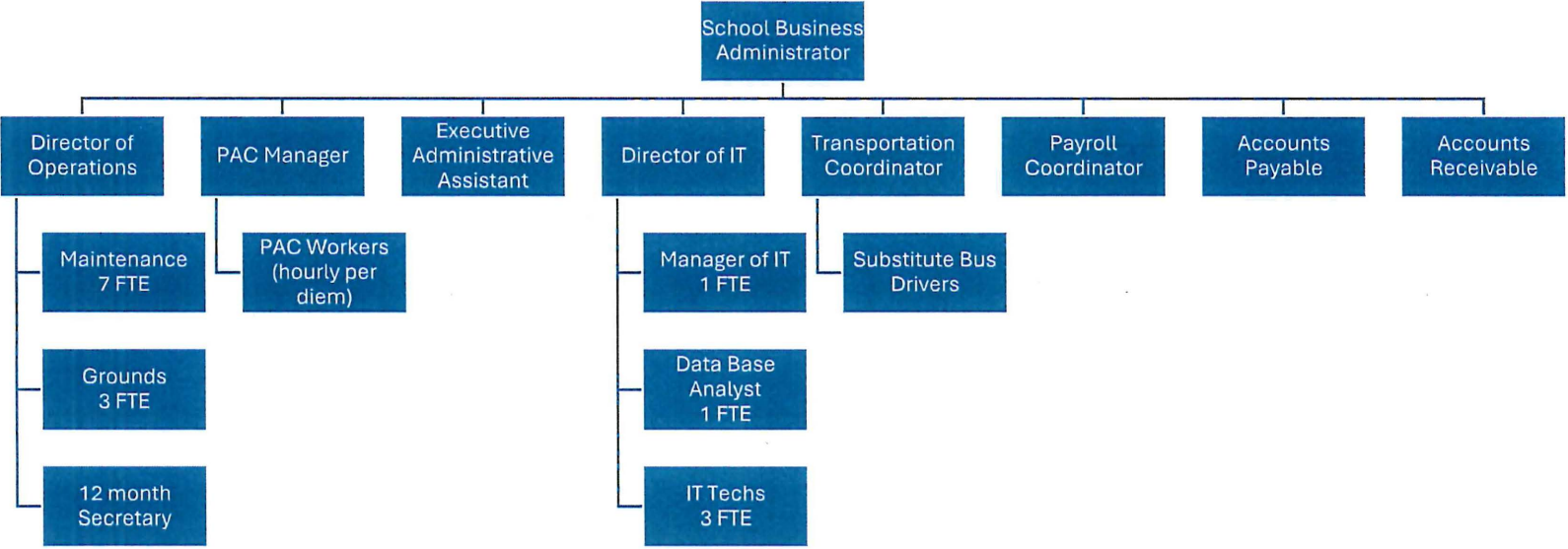
Elizabeth C. Jewett, Ph.D.
Superintendent of Schools

Timothy M. Stys, CPA
School Business Administrator/
Board Secretary

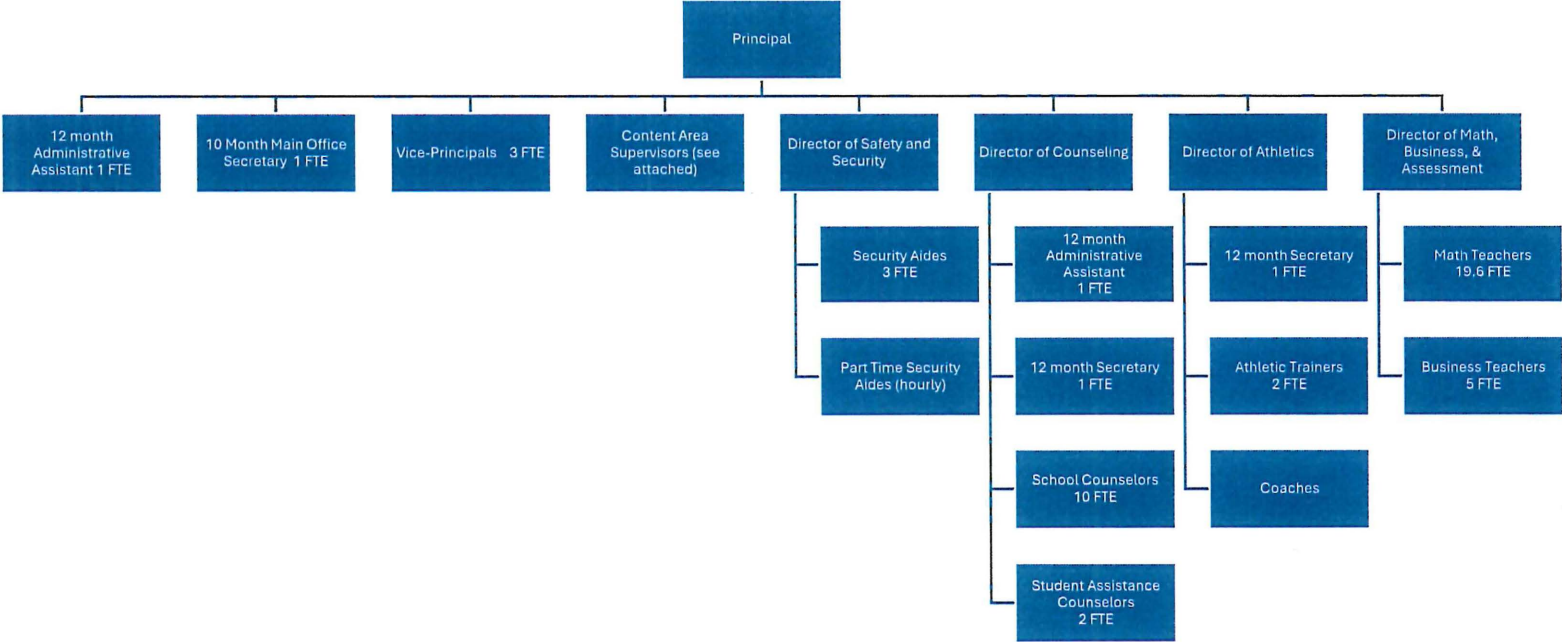
DISTRICT ORGANIZATIONAL CHART – WATCHUNG HILLS REGIONAL HIGH SCHOOL 2023-2024



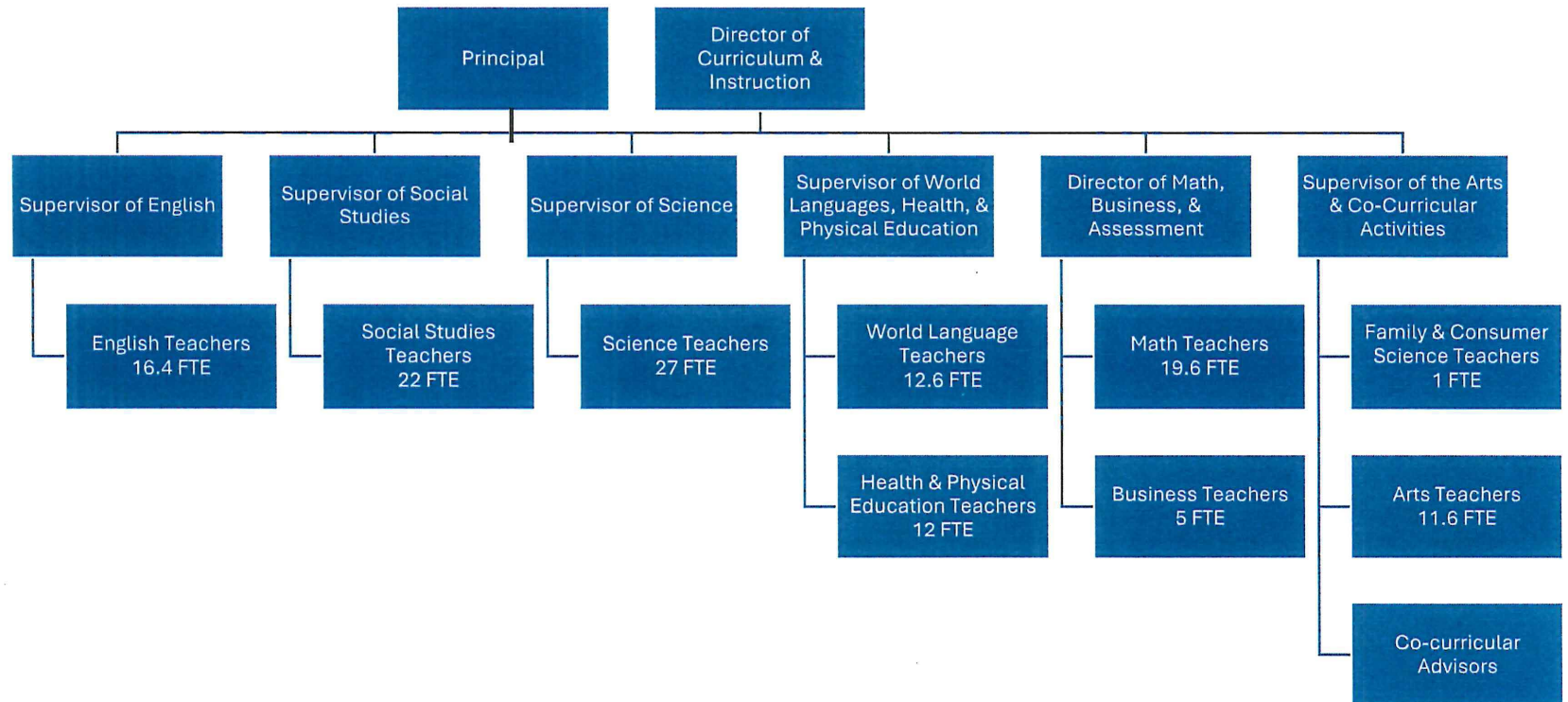
DISTRICT ORGANIZATIONAL CHART – WATCHUNG HILLS REGIONAL HIGH SCHOOL 2023-2024



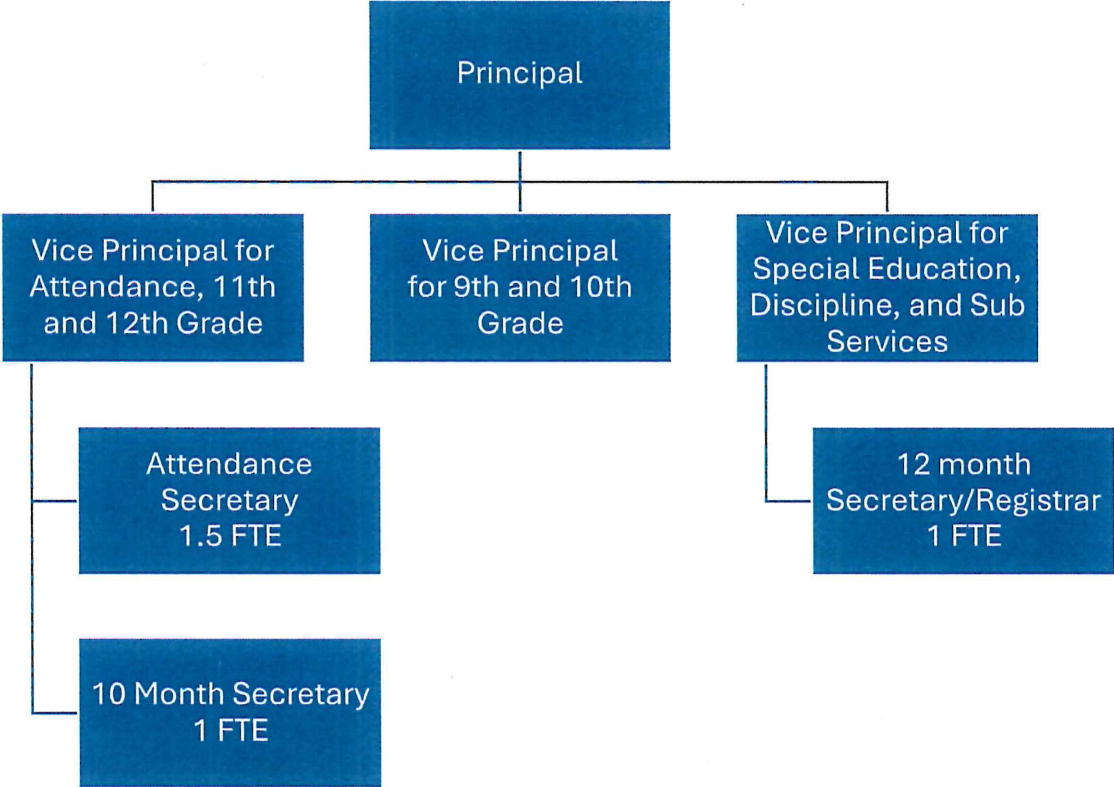
DISTRICT ORGANIZATIONAL CHART – WATCHUNG HILLS REGIONAL HIGH SCHOOL 2023-2024



DISTRICT ORGANIZATIONAL CHART – WATCHUNG HILLS REGIONAL HIGH SCHOOL 2023-2024



DISTRICT ORGANIZATIONAL CHART – WATCHUNG HILLS REGIONAL HIGH SCHOOL 2023-2024





WATCHUNG HILLS REGIONAL HIGH SCHOOL

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BUSINESS ADMINISTRATOR

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PRINCIPAL

BOARD OF EDUCATION MEMBERS

January 2, 2024

<u>Member</u>	<u>Term Expires</u>
Gallic, Daniel Warren Township	2024
Leigh, Catherine Watchung Borough	2024
Ober, Susan Long Hill Township	2024
DiMaggio, Lisa Warren Township	2025
Mayerchak, William Warren Township	2025
Morrison, Robert Warren Township	2025
Birnberg, Michael Watchung Borough	2026
Prasa, Carol Long Hill Township	2026
Trumpore, Heather Warren Township	2026

Appointed

1 Year Term

Potter, Janine Green Brook Township	2024
--	------

Other Officials

Elizabeth C. Jewett, Superintendent
Timothy M. Stys, School Business Administrator/Board Secretary
Nicole Carro, Director of Human Resources and Professional Development
William J. Scholts, Treasurer of School Monies

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
Consultants and Advisors

Architect of Record

Spiezle Architecture Group, Inc.
1395 Yardville Hamilton Square Road
Hamilton, New Jersey 08691

Board Auditor

Lerch, Vinci & Bliss, LLP
17-17 Route 208 North
Fair Lawn, New Jersey 07410

Board/Construction Attorney

Schenck, Price, Smith & King
220 Park Avenue
Florham Park, New Jersey 07932

Official Depository

Peapack-Gladstone Bank
Bedminster, New Jersey 07921

FINANCIAL SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Watchung Hills Regional High School District
108 Stirling Road
Warren, New Jersey 07059

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Watchung Hills Regional High School District, as of and for the fiscal year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Board of Education'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 and each major fund of the Watchung Hills Regional High School District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 misstatements, 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 Watchung Hills Regional High School 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.

Auditor's Responsibilities for the Audit of 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, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement 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 Watchung Hills Regional High School 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 Watchung Hills Regional High School 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, pension information and other postemployment benefits information 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 Watchung Hills Regional High School District's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 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 of the Watchung Hills Regional High School District. Such information is the responsibility of management and was derived from and relate 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 nonmajor fund financial statements, schedules 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.

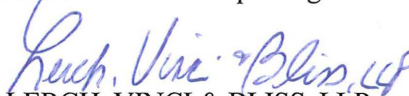
Other Information


Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section 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 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 December 18, 2024 on our consideration of the Watchung Hills Regional High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Watchung Hills Regional High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Watchung Hills Regional High School District's internal control over financial reporting and compliance.


LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 18, 2024

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Watchung Hills Regional High School District's annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2023-2024 fiscal year include the following:

- The net position of the Watchung Hills Regional High School District at the close of the fiscal year was \$39,293,856.
- Overall revenues were \$60,386,074. General revenues accounted for \$41,221,720, or 68%, of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$19,164,354, or 32% of total revenues.
- The school district had \$52,621,656 in expenses for governmental activities; only \$17,926,346 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$41,221,720 were adequate to provide funding for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$16,463,930. The General Fund's fund balance at June 30, 2024 was \$9,482,823, a decrease of \$4,635,607 when compared with the beginning balance of \$14,118,430 at July 1, 2023.
- The General Fund unassigned budgetary basis fund balance at June 30, 2024 was \$1,520,227, which represents a decrease of \$224,897 compared to the ending unassigned budgetary basis fund balance at June 30, 2023 of \$1,745,124.
- The school district maintains a Capital Reserve balance of \$5,780,850, a Tuition Reserve balance of \$200,000, and a Maintenance Reserve balance of \$1,153,209 at June 30, 2024.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

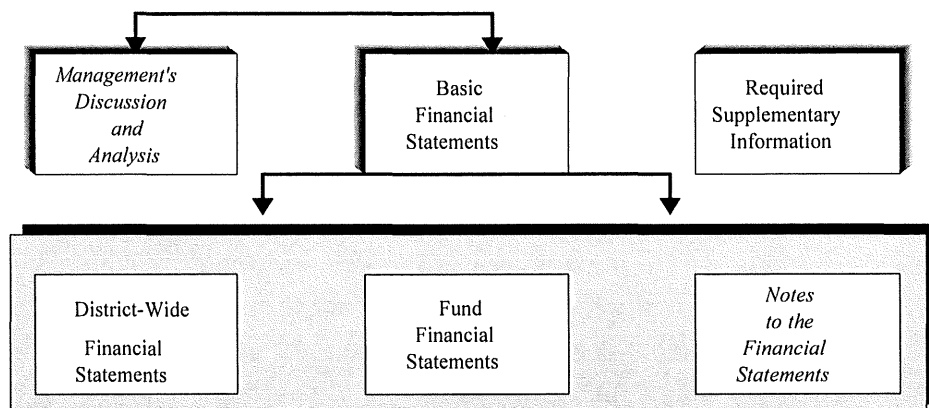
Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
 - Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below presents how the various parts of this annual report are arranged and related to one another.



WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, special education, building maintenance and administration	Activities the district operates similar to a private business: enterprise funds - food service
Required financial Statements	Statements of net position Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in fund net position Statement of cash flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability and deferred inflows/outflows information	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources are expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital and short-term and long-term
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

District-Wide Financial Statements

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

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

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

District-Wide Financial Statements (continued)

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

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aid finances most of these activities.
- *Business-type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Enterprise Fund is included under this category.

Fund Financial Statements

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

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has two kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

- *Proprietary Funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

The District's Enterprise Fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has only one enterprise fund.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

The District also presents required supplementary information regarding the accounting and reporting for pensions as required under GASB Statement No. 68 and post-retirement medical benefits as required under GASB Statement No. 75. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

DISTRICT-WIDE FINANCIAL ANALYSIS

Changes in Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$39,293,856 as of June 30, 2024. See the following statement of net position.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

Statement of Net Position as of June 30, 2024 and 2023

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets						
Current and Other Assets	\$ 17,370,612	\$ 24,234,628	\$ 426,893	\$ 503,665	\$ 17,797,505	\$ 24,738,293
Capital Assets	<u>50,788,751</u>	<u>50,225,856</u>	<u>341,263</u>	<u>332,969</u>	<u>51,130,014</u>	<u>50,558,825</u>
Total Assets	<u>68,159,363</u>	<u>74,460,484</u>	<u>768,156</u>	<u>836,634</u>	<u>68,927,519</u>	<u>75,297,118</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	66,406	98,193			66,406	98,193
Deferred Amounts on Net Pension Liability	<u>235,491</u>	<u>493,833</u>	<u>-</u>	<u>-</u>	<u>235,491</u>	<u>493,833</u>
Total Deferred Outflows of Resources	<u>301,897</u>	<u>592,026</u>	<u>-</u>	<u>-</u>	<u>301,897</u>	<u>592,026</u>
Total Assets and Deferred Outflows of Resources	<u>68,461,260</u>	<u>75,052,510</u>	<u>768,156</u>	<u>836,634</u>	<u>69,229,416</u>	<u>75,889,144</u>
Liabilities						
Long-Term Liabilities	28,164,859	31,570,578			28,164,859	31,570,578
Other Liabilities	<u>1,116,969</u>	<u>10,007,174</u>	<u>64,790</u>	<u>72,601</u>	<u>1,181,759</u>	<u>10,079,775</u>
Total Liabilities	<u>29,281,828</u>	<u>41,577,752</u>	<u>64,790</u>	<u>72,601</u>	<u>29,346,618</u>	<u>41,650,353</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	<u>588,942</u>	<u>1,410,678</u>	<u>-</u>	<u>-</u>	<u>588,942</u>	<u>1,410,678</u>
Total Deferred Inflows of Resources	<u>588,942</u>	<u>1,410,678</u>	<u>-</u>	<u>-</u>	<u>588,942</u>	<u>1,410,678</u>
Total Liabilities and Deferred Inflows of Resources	<u>29,870,770</u>	<u>42,988,430</u>	<u>64,790</u>	<u>72,601</u>	<u>29,935,560</u>	<u>43,061,031</u>
Net Position:						
Net Investment in Capital Assets	29,910,006	26,141,019	341,263	332,969	30,251,269	26,473,988
Restricted	14,379,883	11,936,877			14,379,883	11,936,877
Unrestricted	<u>(5,699,399)</u>	<u>(6,013,816)</u>	<u>362,103</u>	<u>431,064</u>	<u>(5,337,296)</u>	<u>(5,582,752)</u>
Total Net Position	<u>\$ 38,590,490</u>	<u>\$ 32,064,080</u>	<u>\$ 703,366</u>	<u>\$ 764,033</u>	<u>\$ 39,293,856</u>	<u>\$ 32,828,113</u>

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

Changes in Net Position for the Fiscal Years Ended June 30, 2024 and 2023

	Governmental		Business-Type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues						
Charges for Services	\$ 7,866,794	\$ 8,163,345	\$ 1,238,008	\$ 1,334,846	\$ 9,104,802	\$ 9,498,191
Operating Grants and Contributions	10,059,552	9,977,105			10,059,552	9,977,105
General Revenues						
Property Taxes	36,670,807	36,061,996			36,670,807	36,061,996
State Aid	3,053,005	326,890			3,053,005	326,890
Other	1,497,908	800,551	-	-	1,497,908	800,551
Total Revenues	59,148,066	55,329,887	1,238,008	1,334,846	60,386,074	56,664,733
Expenses						
Instruction						
Regular	20,286,881	20,861,758			20,286,881	20,861,758
Special Education	7,608,390	7,649,570			7,608,390	7,649,570
Other Instruction	219,634	225,164			219,634	225,164
School Sponsored Activities and Athletics	2,367,669	2,343,589			2,367,669	2,343,589
Support Services						
Student and Instruction Related Services	7,585,169	7,560,550			7,585,169	7,560,550
General Administration	1,604,153	1,505,316			1,604,153	1,505,316
School Administration Services	2,260,400	2,384,962			2,260,400	2,384,962
Plant Operation and Maintenance	5,466,366	6,217,706			5,466,366	6,217,706
Pupil Transportation	3,353,167	3,081,762			3,353,167	3,081,762
Central and Other Support Services	1,432,415	1,173,812			1,432,415	1,173,812
Interest on Long-Term Debt	437,412	465,859			437,412	465,859
Food Services	-	-	1,298,675	1,238,278	1,298,675	1,238,278
Total Expenses	52,621,656	53,470,048	1,298,675	1,238,278	53,920,331	54,708,326
Change in Net Position	6,526,410	1,859,839	(60,667)	96,568	6,465,743	1,956,407
Net Position, Beginning of Year	32,064,080	30,204,241	764,033	667,465	32,828,113	30,871,706
Net Position, End of Year	\$ 38,590,490	\$ 32,064,080	\$ 703,366	\$ 764,033	\$ 39,293,856	\$ 32,828,113

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

Governmental Activities

The financial position of the District improved significantly. However, maintaining existing programs with decreased enrollment, the provision of a multitude of special programs/services for disabled pupils, and increases in District health benefits costs places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Total and Net Cost of Governmental Activities. The following schedule presents the District's total costs of services provided by major activity. After applying program revenues, derived from charges for services, operating grants and contributions and capital grants and contributions, the net cost of these services is presented. The following is a comparative analysis of the total and the net cost of governmental activities for the fiscal years ended June 30, 2024 and 2023.

Total and Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2024 and 2023

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Governmental Activities				
Instruction				
Regular	\$ 20,286,881	\$ 20,861,758	\$ 10,078,759	\$ 10,288,048
Special Education	7,608,390	7,649,570	3,411,299	3,370,427
Other Instruction	219,634	225,164	77,255	54,512
School Sponsored Activities and Athletics	2,367,669	2,343,589	1,875,532	1,837,688
Support Services				
Student and Instruction Related Services	7,585,169	7,560,550	6,295,468	6,378,862
General Administration	1,604,153	1,505,316	1,528,671	1,438,258
School Administration Services	2,260,400	2,384,962	1,912,692	1,993,448
Plant Operation and Maintenance	5,466,366	6,217,706	5,318,019	6,053,940
Pupil Transportation	3,353,167	3,081,762	2,481,918	2,389,404
Central and Other Support Services	1,432,415	1,173,812	1,362,914	1,095,958
Interest on Debt and Other Charges	437,412	465,859	352,783	429,053
Total Governmental Activities	\$ 52,621,656	\$ 53,470,048	\$ 34,695,310	\$ 35,329,598

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$16,463,930, an increase of \$1,998,230 from last year's fund balance of \$14,465,700.

Revenues for the District's governmental funds were \$63,520,436 and total expenditures were \$70,148,916. In addition, the District had other financing sources of \$8,626,710 from the financing of temporary notes and a lease purchase agreement to finance its capital projects.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students.

Revenues of the General Fund were \$55,666,793 for the fiscal year ended June 30, 2024. Federal sources amounted to \$141, State sources amounted to \$13,305,182, and local sources totaled \$42,361,470.

Expenditures of the General Fund were \$53,661,495. Instructional expenditures were \$30,989,591, expenditures for support services were \$21,353,389 and capital and debt service expenditures totaled \$1,318,515 for the fiscal year ended June 30, 2024.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students.

Revenues of the Special Revenue Fund were \$1,518,955, for the fiscal year ended June 30, 2024. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 55% of the total revenue for the year.

Expenditures of the Special Revenue Fund were \$1,634,542. Instructional expenditures were \$1,333,905, or 82%, of total expended for the fiscal year ended June 30, 2024.

Capital Projects - The capital projects revenues and other financing sources exceeded expenditures and other financing uses by \$6,441,544, increasing fund balance to \$6,216,895 at June 30, 2024. The increase is due to the District financing the project costs of the 2022 School Referendum as well as a Lease Purchase Agreement.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities that are supported in part through user fees.

Enterprise Fund - The District uses the Enterprise Fund to report activities related to the Food Services. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of these Funds have already been addressed in the discussion of the District's business-type activities.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are detailed on Exhibit C-1 of the ACFR.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2024 amounts to \$51,130,014 (net of accumulated depreciation). The capital assets consist of land, site improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2023-2024 amounted to \$3,310,326 for governmental activities and \$34,956 for business-type activities.

Capital Assets at June 30, 2024 and 2023

	Governmental		Business-Type		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 105,616	\$ 105,616			\$ 105,616	\$ 105,616
Construction in Progress	10,349,935	6,870,514			10,349,935	6,870,514
Improvements Other Than Buildings	7,929,589	7,537,924			7,929,589	7,537,924
Buildings	77,618,923	77,618,923			77,618,923	77,618,923
Machinery and Equipment	<u>6,104,071</u>	<u>6,101,936</u>	<u>\$ 887,306</u>	<u>\$ 844,056</u>	<u>6,991,377</u>	<u>6,945,992</u>
	102,108,134	98,234,913	887,306	844,056	102,995,440	99,078,969
Less: Accumulated Depreciation	<u>(51,319,383)</u>	<u>(48,009,057)</u>	<u>(546,043)</u>	<u>(511,087)</u>	<u>(51,865,426)</u>	<u>(48,520,144)</u>
Total Capital Assets (Net)	<u>\$ 50,788,751</u>	<u>\$ 50,225,856</u>	<u>\$ 341,263</u>	<u>\$ 332,969</u>	<u>\$ 51,130,014</u>	<u>\$ 50,558,825</u>

Additional information on the District's capital assets is presented in Note 4 of this report.

LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$594,226, bonds payable of \$14,807,000, capital financing agreements of \$6,138,151, and net pension liability of \$6,625,482.

Additional information of the District's long-term liabilities is presented in Note 4 of this report.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Currently, the District's budgetary funds are in solid financial condition. The District currently has \$1,520,227 of unassigned general fund surplus. Additionally, the district has approximately \$5.78 million in Capital Reserve to finance future capital expenditures. In addition, the District maintains a maintenance reserve of approximately \$1.1 million. The practice of maintaining sufficient reserve balances has contributed to the Watchung Hills Regional High School District being able to obtain and sustain a AAA credit rating.

Many factors were considered by the District's administration during the process of developing the fiscal year 2024/2025 budget. The primary factors were the District's projected student population, the condition of the facility, the condition of the New Jersey economy, and the economic difficulties that face our region. Going forward, the District will be faced with the potential for level or reduced State aid and mandated budget CAP's.

The District's operating budget for 2024/2025 is \$47,312,855. The Watchung Hills Regional High School District looks forward to working within the State mandated budget CAP restrictions while maintaining a high level of academic standard; providing a high quality of education for area students at a reasonable cost to taxpayers.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Office of the School Business Administrator, Watchung Hills Regional High School District, 108 Stirling Road, Warren, NJ 07059.

FINANCIAL STATEMENTS

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 4,475,880	\$ 422,074	\$ 4,897,954
Cash with Fiscal Agents	11,548,193		11,548,193
Receivables, net	1,258,348	646	1,258,994
Prepaid Items	88,191		88,191
Inventory		4,173	4,173
Capital Assets			
Not Being Depreciated	10,455,551		10,455,551
Being Depreciated, Net	<u>40,333,200</u>	<u>341,263</u>	<u>40,674,463</u>
Total Assets	<u>68,159,363</u>	<u>768,156</u>	<u>68,927,519</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	66,406		66,406
Deferred Amounts on Net Pension Liability	<u>235,491</u>	<u>-</u>	<u>235,491</u>
Total Deferred Outflows of Resources	<u>301,897</u>	<u>-</u>	<u>301,897</u>
Total Assets and Deferred Outflows of Resources	<u>68,461,260</u>	<u>768,156</u>	<u>69,229,416</u>
LIABILITIES			
Accounts Payable and Other Liabilities	829,085	20,542	849,627
Intergovernmental Payable	19,106		19,106
Accrued Interest Payable	210,287		210,287
Unearned Revenue	58,491	44,248	102,739
Noncurrent Liabilities			
Due Within One Year	4,062,739		4,062,739
Due Beyond One Year	<u>24,102,120</u>	<u>-</u>	<u>24,102,120</u>
Total Liabilities	<u>29,281,828</u>	<u>64,790</u>	<u>29,346,618</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>588,942</u>	<u>-</u>	<u>588,942</u>
Total Deferred Inflows of Resources	<u>588,942</u>	<u>-</u>	<u>588,942</u>
Total Liabilities and Deferred Inflows of Resources	<u>29,870,770</u>	<u>64,790</u>	<u>29,935,560</u>
NET POSITION			
Net Investment in Capital Assets	29,910,006	341,263	30,251,269
Restricted for:			
Capital Projects	11,997,745		11,997,745
Other Purposes	2,382,138		2,382,138
Unrestricted	<u>(5,699,399)</u>	<u>362,103</u>	<u>(5,337,296)</u>
Total Net Position	<u>\$ 38,590,490</u>	<u>\$ 703,366</u>	<u>\$ 39,293,856</u>

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

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 20,286,881	\$ 6,792,391	\$ 3,415,731	\$ (10,078,759)		\$ (10,078,759)
Special Education	7,608,390	578,054	3,619,037	(3,411,299)		(3,411,299)
Other Instruction	219,634		142,379	(77,255)		(77,255)
School Sponsored Activities and Athletics	2,367,669	476,985	15,152	(1,875,532)		(1,875,532)
Support Services:						
Student and Instruction Related Services	7,585,169	19,364	1,270,337	(6,295,468)		(6,295,468)
General Administration Services	1,604,153		75,482	(1,528,671)		(1,528,671)
School Administration Services	2,260,400		347,708	(1,912,692)		(1,912,692)
Plant Operations and Maintenance	5,466,366		148,347	(5,318,019)		(5,318,019)
Pupil Transportation	3,353,167		871,249	(2,481,918)		(2,481,918)
Central and Other Support Services	1,432,415		69,501	(1,362,914)		(1,362,914)
Interest on Long-Term Debt and Other Charges	437,412	-	84,629	(352,783)	-	(352,783)
Total Governmental Activities	<u>52,621,656</u>	<u>7,866,794</u>	<u>10,059,552</u>	<u>(34,695,310)</u>	<u>-</u>	<u>(34,695,310)</u>
Business-Type Activities:						
Food Service	<u>1,298,675</u>	<u>1,238,008</u>	<u>-</u>	<u>-</u>	<u>\$ (60,667)</u>	<u>(60,667)</u>
Total Business-Type Activities	<u>1,298,675</u>	<u>1,238,008</u>	<u>-</u>	<u>-</u>	<u>(60,667)</u>	<u>(60,667)</u>
Total Primary Government	<u>\$ 53,920,331</u>	<u>\$ 9,104,802</u>	<u>\$ 10,059,552</u>	<u>(34,695,310)</u>	<u>(60,667)</u>	<u>(34,755,977)</u>
General Revenues:						
Property Taxes:						
General Purposes				33,865,083		33,865,083
Debt Service				2,805,724		2,805,724
State Aid - Restricted for Debt Service				3,053,005		3,053,005
Investment Earnings				941,093		941,093
Miscellaneous Income				556,815	-	556,815
Total General Revenues				<u>41,221,720</u>	<u>-</u>	<u>41,221,720</u>
Change in Net Position				6,526,410	(60,667)	6,465,743
Net Position, Beginning of Year				<u>32,064,080</u>	<u>764,033</u>	<u>32,828,113</u>
Net Position, End of Year				<u>\$ 38,590,490</u>	<u>\$ 703,366</u>	<u>\$ 39,293,856</u>

FUND FINANCIAL STATEMENTS

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2024**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 3,548,334	\$ 312,256	\$ 156,544	\$ 458,746	\$ 4,475,880
Investments	5,259,772		6,288,421		11,548,193
Receivables, Net					
Intergovernmental	1,046,811	205,590			1,252,401
Other		5,737		210	5,947
Prepaid Items			88,191		88,191
Due from Other Funds	148,811	-	-	-	148,811
Total Assets	\$ 10,003,728	\$ 523,583	\$ 6,533,156	\$ 458,956	\$ 17,519,423
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 235,973	\$ 21,919	\$ 316,261		\$ 574,153
Payroll Deductions and Withholdings Payable	124,087				124,087
Unemployment Contributions Payable	105,027				105,027
Other Current Liabilities	25,818				25,818
Due to Other Funds		148,811			148,811
Intergovernmental Payable		19,106			19,106
Unearned Revenue	30,000	28,491	-	-	58,491
Total Liabilities	520,905	218,327	316,261	-	1,055,493
Fund Balances					
Restricted Fund Balance					
Capital Reserve	5,780,850				5,780,850
Maintenance Reserve	1,153,209				1,153,209
Tuition Reserve	100,000				100,000
Tuition Reserve - Designated for Subsequent Year's Budget	100,000				100,000
Excess Surplus	489,221				489,221
Excess Surplus - Designated for Subsequent Year's Budget	622,756				622,756
Capital Projects Fund			6,216,895		6,216,895
Debt Service Fund				\$ 458,956	458,956
Unemployment Compensation Reserve	264,717				264,717
Student Activities		247,826			247,826
Scholarship Awards		57,430			57,430
Assigned Fund Balance					
Encumbrances	130,290				130,290
Designated for Subsequent Year's Budget	280,000				280,000
Unassigned Fund Balance	561,780	-	-	-	561,780
Total Fund Balances	9,482,823	305,256	6,216,895	458,956	16,463,930
Total Liabilities and Fund Balances	\$ 10,003,728	\$ 523,583	\$ 6,533,156	\$ 458,956	

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 \$102,108,134 and the accumulated depreciation is \$51,319,383. 50,788,751

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (210,287)

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 2) (28,164,859)

Deferred Inflows and Outflows related to the debt refundings and net pension liability are not reported in the funds. (See Note 2) (287,045)

Net Position of Governmental Activities (Exhibit A-1) \$ 38,590,490

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Taxes	\$ 33,865,083			\$ 2,805,724	\$ 36,670,807
Tuition	7,389,809				7,389,809
Interest Earnings	549,763		\$ 391,330		941,093
Miscellaneous	556,815	\$ 503,033	-	-	1,059,848
Total - Local Sources	42,361,470	503,033	391,330	2,805,724	46,061,557
State Sources	13,305,182	178,893		3,137,634	16,621,709
Federal Sources	141	837,029	-	-	837,170
Total Revenues	55,666,793	1,518,955	391,330	5,943,358	63,520,436
EXPENDITURES					
Current					
Instruction					
Regular	21,476,570	112,700			21,589,270
Special Education	7,476,075	503,924			7,979,999
Other	109,508	124,709			234,217
School Sponsored Activities and Athletics	1,927,438	592,572			2,520,010
Support Services					
Student and Instruction Related Services	7,606,864	300,637			7,907,501
General Administrative Services	1,382,655				1,382,655
School Administrative Services	2,436,217				2,436,217
Plant Operations and Maintenance	4,992,067				4,992,067
Pupil Transportation	3,365,321				3,365,321
Central and Other Support Services	1,570,265				1,570,265
Debt Service					
Principal					
Bonds/Leases	797,879			3,115,000	3,912,879
Temporary Capital Notes				7,951,710	7,951,710
Interest and Other Charges	126,836			306,748	433,584
Capital Outlay	393,800	-	3,479,421	-	3,873,221
Total Expenditures	53,661,495	1,634,542	3,479,421	11,373,458	70,148,916
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,005,298	(115,587)	(3,088,091)	(5,430,100)	(6,628,480)
OTHER FINANCING SOURCES (USES)					
Proceeds from Lease Purchase Agreement			675,000		675,000
Temporary Capital Note Retired by Budget			7,951,710		7,951,710
Transfers In	34,424	111,000	1,300,000	5,661,404	7,106,828
Transfers Out	(6,675,329)	-	(397,075)	(34,424)	(7,106,828)
Total Other Financing Sources and (Uses)	(6,640,905)	111,000	9,529,635	5,626,980	8,626,710
Net Change in Fund Balances	(4,635,607)	(4,587)	6,441,544	196,880	1,998,230
Fund Balance, Beginning of Year	14,118,430	309,843	(224,649)	262,076	14,465,700
Fund Balance, End of Year	\$ 9,482,823	\$ 305,256	\$ 6,216,895	\$ 458,956	\$ 16,463,930

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 1,998,230**

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.

Depreciation Expense	\$ (3,310,326)	
Capital Outlay	<u>3,873,221</u>	562,895

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Lease Purchase Proceeds		(675,000)
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Repayment of debt is an expenditure in the governmental funds, but the issuance increases and repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Payment of Principal		
Serial Bonds	3,115,000	
Capital Financing Agreements	<u>797,879</u>	3,912,879

The issuance of refunding bonds provides current financial resources to the governmental funds, while the repayment of the refunded bonds uses those current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Deferred Amounts on Refunding of Debt	<u>(31,787)</u>	(31,787)
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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. The accrued interest is a decrease in the reconciliation.

27,959

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

(18,063)

In the statement of activities, pension expenses are measured by the liability accrued during the year. In the governmental funds, however, expenditures are reported in the amount of financial resources used (paid).

Decrease in Pension Expense - Public Employees' Retirement System		<u>749,297</u>
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Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 6,526,410</u>
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WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

ASSETS

Current Assets

Cash	\$ 422,074
Accounts Receivable	646
Inventory	<u>4,173</u>
Total Current Assets	<u>426,893</u>

Capital Assets

Furniture, Machinery, and Equipment	887,306
Less: Accumulated Depreciation	<u>(546,043)</u>
Total Noncurrent Assets	<u>341,263</u>
Total Assets	<u>768,156</u>

LIABILITIES

Current Liabilities

Accounts Payable	20,542
Unearned Revenue	<u>44,248</u>
Total Current Liabilities	<u>64,790</u>

NET POSITION

Investment in Capital Assets	341,263
Unrestricted	<u>362,103</u>
Total Net Position	<u><u>\$ 703,366</u></u>

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

OPERATING REVENUES

Charges for Services	
Daily Sales - Non-Reimbursable Programs	\$ 1,238,008
Total Operating Revenues	<u>1,238,008</u>

OPERATING EXPENSES

Cost of Sales - Non-Reimbursable Programs	1,186,406
Repairs	44,807
Miscellaneous	32,506
Depreciation	<u>34,956</u>
Total Operating Expenses	<u>1,298,675</u>

Operating Income (Loss)	(60,667)
Net Position, Beginning of Year	<u>764,033</u>
Net Position, End of Year	<u><u>\$ 703,366</u></u>

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 1,236,984
Cash Payments to Suppliers for Goods and Services	<u>(1,270,472)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(33,488)</u>

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Acquisition of Fixed Assets	<u>(43,250)</u>
Net Cash (Used for) by Capital and Related Financing Activities	<u>(43,250)</u>

Net Change in Cash	(76,738)
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Cash, Beginning of Year	<u>498,812</u>
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Cash, End of Year	<u><u>\$ 422,074</u></u>
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**RECONCILIATION OF NET CASH PROVIDED BY (USED FOR)
OPERATING ACTIVITIES**

Operating Income (Loss)	\$ <u>(60,667)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided for Operating Activities	
Depreciation	34,956
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	28
(Increase)/Decrease in Inventory	6
Increase/(Decrease) in Unearned Revenue	(1,052)
Increase/(Decrease) in Accounts Payable	<u>(6,759)</u>
Total Adjustments	<u>27,179</u>

Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (33,488)</u></u>
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NOTES TO THE FINANCIAL STATEMENTS

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Watchung Hills Regional High School District (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials from Warren Township, Long Hill Township and the Borough of Watchung and one appointed representative from the Green Brook Board of Education. The Board is responsible for the fiscal control of the District. A Superintendent of Schools is appointed by the Board and is responsible for the administrative control of the District. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a High School District for grades nine (9) through grade twelve (12).

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent of Schools is the Chief Administrative Officer of the District who is responsible for general supervision of all schools and planning and operational functions of the District. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent of Schools to the Board.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Watchung Hills Regional High School District this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2024, the District adopted the following GASB statements:

- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 102, *Certain Risk Disclosures*, will be effective beginning with the fiscal year ending June 30, 2025. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a school district vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a school district's financial condition.
- GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective beginning with the fiscal year ending June 30, 2026. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from school district to school district, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirement for presentation of major component unit information will improve comparability. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements. Currently, the District has no fiduciary funds.

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs, student activity funds derived from athletic events or other activities of pupil organizations and private donations for scholarship awards.

The *capital projects fund* accounts for the proceeds from the sale of bonds, financing agreements, grants and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for administrators, teachers and special events.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt, acquisitions under financing agreements, leases payable for intangible right-to-use leased assets and subscription arrangements for intangible right-to-use information technology (IT) software assets are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

4. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects and/or Capital Financing Agreements for projects and/or repayment of certificates of participation, principal and interest.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

5. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	15-20
Buildings and Building Improvements	20-40
Machinery and Equipment	5-20
Vehicles	8

6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the difference on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

7. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. There are no employees in the Food Service Enterprise Fund that are permitted to accrue unused vacation and sick leave. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

8. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

9. Pensions

In the district-wide financial statements and proprietary fund types in the fund financial statements, 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. 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.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

10. Financing Agreements

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the District by the end of the agreement and do not contain termination options. Capital financing agreements and other financing agreements are recognized as long-term liabilities along with the related capital asset or expenses being financed, respectively, in the district-wide and proprietary fund type financial statements.

In the fund financial statements, capital financing agreements and other financing agreements are recognized as other financing sources at the face amount of the financed purchase contract. Assets and supplies financed under these agreements are reported as capital outlay or current expenditures, respectively.

11. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Differences resulting from debt refundings are classified as deferred inflows of resources or as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Differences resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

12. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3B).

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 3C).

Tuition Reserve – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments for the 2023/2024 contract year and is required to be liquidated in the second year following the contract year with any remaining balance related to that contract year to be reserved and budgeted for property tax relief in the 2025/2026 original budget certified for taxes.

Tuition Reserve – Designated for Subsequent Year's Budget – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments for the 2022/2023 contract year that is appropriated in the 2024/2025 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2024 audited excess surplus that is required to be appropriated in the 2025/2026 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2023 audited excess surplus that was appropriated in the 2024/2025 original budget certified for taxes.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Unemployment Compensation Reserve – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions. (See Note 5A).

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

12. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

Scholarship Awards – This restriction was created to represents the accumulation of donor restricted funds specifically earmarked for student scholarship awards.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the 2024/2025 original budget certified for taxes.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (special revenue, capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

13. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Board of Education itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the Board for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. Property Taxes

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. Tuition Revenues and Expenditures

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2022-2023 and 2023-2024 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. On-Behalf Payments

Revenues and expenditures of the General Fund include payments made by the State of New Jersey on-behalf of the District for social security, pension, long-term disability insurance and post-retirement medical benefit contributions for District employees enrolled in the Teacher Pension and Annuity Fund (TPAF) retirement system.

Revenues and expenses of governmental activities include the State’s proportionate share of the on-behalf actuarial determined pension and post-retirement medical benefit amounts attributable to the District for District employees enrolled in the TPAF retirement system.

5. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds Payable	\$ 14,807,000
Capital Financing Agreements	6,138,151
Compensated Absences Payable	594,226
Net Pension Liability	<u>6,625,482</u>
	<u>\$ 28,164,859</u>

Another element of that reconciliation states that “deferred inflows and outflows related to debt refundings and net pension liability are not reported in the fund”. The details are as follows:

Deferred Inflows of Resources	
Deferred Amount on Net Pension Liability	\$ 588,942
Deferred Outflows of Resources	
Deferred Charge on Refunding of Debt	(66,406)
Deferred Amount on Net Pension Liability	<u>(235,491)</u>
	<u>\$ 287,045</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

The District must prepare its budget in compliance with applicable laws limiting the amount by which the general fund property tax levy can increase in the annual school budget. The 2010 Tax Levy CAP Law is calculated using the formulas and provisions of NJSA 18A:7F-38. The law was originally adopted in 2007 and was most recently amended in 2018. The core of the tax-levy cap calculation is a 2% increase to the previous budget year’s general fund tax levy with exceptions only for enrollment increases, increases for certain pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters at a special election. Additionally, school districts can bank the unused tax levy for use in any of the next three (3) succeeding budget years if they were not granted approval to exceed the tax levy cap by the voters. The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Districts that have their school board members elected in November do not have to submit their budgets that meet levy cap requirements for voter approval. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2023/2024. Also, during 2023/2024 the Board increased the original General Fund budget by \$554,584 and Special Revenue Fund budget by \$351,392. The increases were funded by the appropriation of prior year unbudgeted extraordinary aid, withdrawal from the maintenance reserve, additional grant awards, student activity revenue, scholarship donations and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Capital Reserve

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

Funds placed in the capital reserve 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. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2024 is as follows:

Balance, July 1, 2023		\$ 9,754,306
Increased by		
Interest Earnings	\$ 4,042	
Deposits Approved by Board Resolution	<u>2,000,000</u>	
		<u>2,004,042</u>
		11,758,348
Decreased by		
Budgeted Withdrawals		
Transfer to Debt Service Fund	5,177,498	
Transfer to Capital Projects Fund	<u>800,000</u>	
		<u>5,977,498</u>
Balance, June 30, 2024		<u>\$ 5,780,850</u>

The June 30, 2024 LRFP balance of the total costs of uncompleted capital projects is estimated by management to be \$44,329,002. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the District's Long Range Facilities Plan, or were authorized by the Board to be applied to the retirement of the outstanding Temporary Note.

C. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2024 is as follows:

Balance, July 1, 2023	\$ 1,049,884
Increased by	
Deposits Approved by Board Resolution	<u>224,325</u>
	1,274,209
Decreased by	
Withdrawals Approved by Board Resolution	<u>121,000</u>
Balance, June 30, 2024	<u>\$ 1,153,209</u>

The June 30, 2024 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$2,277,218.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2024 is \$1,111,977. Of this amount \$622,756 will be designated and appropriated in the 2024/2025 original budget certified for taxes and the remaining amount of \$489,221 will be appropriated in the 2025/2026 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC and NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2024, the book value of the Board's deposits were \$4,897,954 and bank and brokerage firm balances of the Board's deposits amounted to \$6,889,071. The Board's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account

Insured	\$ 6,687,527
Uninsured and Collateralized	<u>201,544</u>
	<u>\$ 6,889,071</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2024 the Board's bank balances of \$201,544 were exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 201,544</u>
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Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2024, the Board had the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities	\$ <u>11,548,193</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial credit risk. As of June 30, 2024, 100% of the Board’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by pledging financial institutions' trust department or agent but not in the Board's name	\$ <u>11,548,193</u>

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board’s investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

Fair Value of Investments. The Watchung Hills Regional High School District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Since the value is not obtained from a quoted price in an active market the investments held by the District at June 30, 2023 are categorized as Level 2.

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2024 for the district's individual major funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Federal		\$ 204,853			\$ 204,853
State	\$ 148,843	737			149,580
Other	897,968	-			897,968
Other	-	5,737	\$ 210	\$ 646	6,593
Gross Receivables	1,046,811	211,327	210	646	1,258,994
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 1,046,811</u>	<u>\$ 211,327</u>	<u>\$ 210</u>	<u>\$ 646</u>	<u>\$ 1,258,994</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

General Fund	
Funds Received for Use in Subsequent Years	\$ 30,000
Special Revenue Fund	
Grant Draw Downs Year-End Encumbrances	5,148
Unencumbered Grant Draw Downs	<u>23,343</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 58,491</u>

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	Balance, July 1, 2023	Increases	Decreases	Balance, June 30, 2024
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 105,616			\$ 105,616
Construction in Progress	6,870,514	\$ 3,479,421	-	10,349,935
Total Capital Assets, Not Being Depreciated	6,976,130	3,479,421	-	10,455,551
Capital Assets, Being Depreciated:				
Improvements Other Than Buildings	7,537,924	391,665		7,929,589
Buildings	77,618,923			77,618,923
Machinery and Equipment	6,101,936	2,135	-	6,104,071
Total Capital Assets Being Depreciated	91,258,783	393,800	-	91,652,583
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	(4,005,668)	(363,345)		(4,369,013)
Buildings	(39,828,136)	(2,583,834)		(42,411,970)
Machinery and Equipment	(4,175,253)	(363,147)	-	(4,538,400)
Total Accumulated Depreciation	(48,009,057)	(3,310,326)	-	(51,319,383)
Total Capital Assets, Being Depreciated, Net	43,249,726	(2,916,526)	-	40,333,200
Governmental Activities Capital Assets, Net	\$ 50,225,856	\$ 562,895	\$ -	\$ 50,788,751
	Balance, July 1, 2023	Increases	Decreases	Balance, June 30, 2024
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 844,056	\$ 43,250	-	\$ 887,306
Total Capital Assets Being Depreciated	844,056	43,250	-	887,306
Less Accumulated Depreciation for:				
Machinery and Equipment	(511,087)	(34,956)	-	(546,043)
Total Accumulated Depreciation	(511,087)	(34,956)	-	(546,043)
Total Capital Assets, Being Depreciated, Net	332,969	8,294	-	341,263
Business-Type Activities Capital Assets, Net	\$ 332,969	\$ 8,294	\$ -	\$ 341,263

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction

Regular	\$ 1,423,440
Special	<u>198,620</u>

Total Instruction	<u>1,622,060</u>
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Support Services

Student and Instruction Related Services	562,755
General Administration	297,929
School Administration	132,413
Operations and Maintenance of Plant	<u>695,169</u>

Total Support Services	<u>1,688,266</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 3,310,326</u>
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Business-Type Activities:

Machinery and Equipment	<u>\$ 34,956</u>
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Total Depreciation Expense-Business-Type Activities	<u>\$ 34,956</u>
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Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2024:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Energy Savings Improvement Program (ESIP)	\$ 3,854,196	\$ 88,191
Interior Alterations	2,550,517	2,576,483
Chiller Upgrades	78,596	1,004,404
Track Upgrades	<u>-</u>	<u>1,157,300</u>
	<u>\$ 6,483,309</u>	<u>\$ 4,826,378</u>

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2024, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 148,811</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position. The District expects all interfund balances to be liquidated within one year.

Interfund Transfers

	<u>Transfer In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	
Transfer Out					
General Fund		\$ 111,000	\$ 1,300,000	\$ 5,285,782	\$ 6,696,782
Capital Projects Fund				375,622	375,622
Debt Service Fund	<u>\$ 34,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,424</u>
	<u>\$ 34,424</u>	<u>\$ 111,000</u>	<u>\$ 1,300,000</u>	<u>\$ 5,661,404</u>	<u>\$ 7,106,828</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

F. Financing Agreements

Capital Financing Agreements

The District entered into the following agreements to acquire other capital assets and improvements to the District's buildings. The repayments under the financing agreement is subject to the annual appropriation of funds in the District's approved budget.

Capital financing agreements at June 30, 2024 are comprised of the following:

\$675,000, fiscal year 2023 lease purchase agreement for the acquisition of technology equipment for a term of four years due in annual principal installments of \$164,315 to \$178,442 through May 15, 2027 interest at 4.21%	<u>\$ 513,990</u>
\$6,700,000, fiscal year 2021 Agreement for the Energy Savings Improvement Program for a term of 15 years due in annual principal installments of \$383,038 to \$498,927 through July 15, 2036 interest at 1.6274%	<u>5,624,161</u>
	<u>\$ 6,138,151</u>

The unexpended proceeds from the capital financing agreements, including interest earned on balances which remain on deposit are held with the respective fiscal agents.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements (Continued)

Capital Financing Agreements (Continued)

The maturity schedule of the remaining capital financing agreement payments for principal and interest is as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2025	\$ 577,763	\$ 116,472	\$ 694,235
2026	575,852	106,438	682,290
2027	594,760	85,727	680,487
2028	383,038	71,439	454,477
2029	394,616	65,205	459,821
2030-34	2,157,734	225,753	2,383,487
2034-36	<u>1,454,388</u>	<u>47,796</u>	<u>1,502,184</u>
	<u>\$ 6,138,151</u>	<u>\$ 718,830</u>	<u>\$ 6,856,981</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2024 are comprised of the following issues:

\$12,553,000, 2013 Bonds, due in annual installments of \$910,000 to \$1,023,000 through January 15, 2029 interest at 3.00% to 3.50%	\$4,828,000
\$1,970,000, 2016 Refunding Bonds, due in annual installments of \$205,000 to \$210,000 through January 15, 2027 interest at 1.75%	625,000
\$9,521,000, 2021 Refunding Bonds, due in annual installments of \$2,287,000 to \$2,391,000 through January 15, 2028 interest at 1.06%	<u>9,354,000</u>
Total	<u>\$14,807,000</u>

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

<u>Fiscal Year</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 3,402,000	\$ 267,432	\$ 3,669,432
2026	3,465,000	212,303	3,677,303
2027	3,531,000	155,986	3,686,986
2028	3,386,000	95,975	3,481,975
2029	1,023,000	35,805	1,058,805
	<u>\$ 14,807,000</u>	<u>\$ 767,500</u>	<u>\$ 15,574,500</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2024 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 263,706,059
Less: Net Debt Issued	<u>14,807,000</u>
Remaining Borrowing Power	<u>\$ 248,899,059</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2024, was as follows:

	<u>Balance,</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2024</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 17,922,000		\$ 3,115,000	\$ 14,807,000	\$ 3,402,000
Capital Financing Agreements	6,261,030	\$ 675,000	797,879	6,138,151	577,763
Capital Note	7,951,710		7,951,710		
Compensated Absences	576,163	18,063		594,226	82,976
Net Pension Liability	<u>6,811,385</u>	<u>-</u>	<u>185,903</u>	<u>6,625,482</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 39,522,288</u>	<u>\$ 693,063</u>	<u>\$ 12,050,492</u>	<u>\$ 28,164,859</u>	<u>\$ 4,062,739</u>

For the governmental activities, the liabilities for compensated absences, capital financing agreements and net pension liability are generally liquidated by the general fund.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

I. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2024 was as follows:

Temporary Notes Payable

The Board issued Temporary Notes ("Project Notes") to provide short-term financing of the 2022 Bond Referendum. The Board's short-term debt activity for the fiscal year ended June 30, 2024 was as follows:

<u>Purpose</u>	<u>Rate</u> <u>%</u>	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2024</u>
2022 Bond Referendum	4.50%	7/14/2023	<u>\$ 7,951,710</u>	<u>\$ -</u>	<u>\$ 7,951,710</u>	<u>\$ -</u>

State law requires that temporary notes or bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date; provided however that notes are not renewed beyond the third anniversary date of the originals unless an amount of such notes equal to the first legally payable installment of the bonds in anticipation of which such notes were issued are paid and retired in each subsequent year.

NOTE 5 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report.

The District is a member of the School Alliance Insurance Fund (the "Fund"). The Fund is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the Fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

The Fund provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District’s restricted fund balance for unemployment compensation claims in the General Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024		\$ 34,894	\$ 25,407	\$ 264,717
2023		33,717	24,145	264,717
2022		34,013	34,476	264,717

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2024, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2024, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all Board employees who are eligible for pension coverage:

Public Employees’ Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

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.

The following represents the membership tiers for PERS:

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

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

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State's Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

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.

The following represent the membership tiers for TPAF:

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits ("Division"), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Amendments

The authority to amend the provisions of the above plans rests with legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Empower Retirement (formerly Prudential) is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2023 is \$14.6 billion and the plan fiduciary net position as a percentage of the total pension liability is 65.23%. The collective net pension liability of the State funded TPAF at June 30, 2023 is \$51.1 billion and the plan fiduciary net position as a percentage of total pension liability is 34.68%.

The total pension liabilities for the June 30, 2023 measurement date were determined based on actuarial valuations as of July 1, 2022 which were rolled forward to June 30, 2023.

Actuarial Methods and Assumptions

In the July 1, 2022 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2024.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2023 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was more than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2024, 2023 and 2022 were equal to the required contributions.

During the fiscal years ended June 30, 2024, 2023 and 2022 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively, for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	PERS	On-Behalf TPAF	DCRP
2024	\$ 611,359	\$ 6,650,915	\$ 10,431
2023	569,165	6,412,173	9,451
2022	529,161	6,448,094	8,792

In addition for fiscal years 2024, 2023 and 2022 the State contributed \$1,701, \$1,441 and \$1,449, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,339,517 during the fiscal year ended June 30, 2024 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2022 through June 30, 2023. Employer allocation percentages have been rounded for presentation purposes. Contributions from employers are recognized when due based on statutory requirements.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2023 are based on the ratio of each employer’s contributions to total employer contributions of the group for the fiscal year ended June 30, 2023.

At June 30, 2024, the District reported in the statement of net position (accrual basis) a liability of \$6,625,482 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022. The District’s proportionate share of the net pension liability was based on the ratio of the District’s share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2023. At June 30, 2023, the District’s proportionate share was .04574 percent, which was an increase of .00061 percent from its proportionate share measured as of June 30, 2022 of .04513 percent.

For the fiscal year ended June 30, 2024, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$137,938 for PERS. The pension contribution made by the District during the current 2023/2024 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2024 with a measurement date of the prior fiscal year end of June 30, 2023. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2024 for contributions made subsequent to the measurement date. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 63,348	\$ 27,083
Changes of Assumptions	14,555	401,533
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	30,511	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>127,077</u>	<u>160,326</u>
Total	<u>\$ 235,491</u>	<u>\$ 588,942</u>

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2024, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension benefit as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2024	\$ (377,331)
2025	(224,096)
2026	276,067
2027	(30,321)
2028	2,230
Thereafter	-
	<u>\$ (353,451)</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2023) 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 actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans 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 the PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	6.21%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Investment Grade Credit	7.00%	5.19%
US Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
Emerging Markets Equity	5.50%	11.13%
High Yield	4.50%	6.97%
Real Assets	3.00%	8.40%
Private Credit	8.00%	9.20%
Real Estate	8.00%	8.58%
Private Equity	13.00%	12.50%
International Small Cap Equity	1.25%	9.22%

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2023. 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 in determining the total pension liability.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 7.00, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 8,624,968</u>	<u>\$ 6,625,482</u>	<u>\$ 4,923,655</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2023. A sensitivity analysis specific to the District's net pension liability at June 30, 2023 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The non-employer allocation percentages presented are based on the ratio of the State's actual contributions made as an employer and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2022 through June 30, 2023. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2023, the State's pension contribution was more than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2024, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,939,573 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2024 the State's proportionate share of the net pension liability attributable to the District is \$78,950,036. The net pension liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2023. At June 30, 2023, the State's share of the net pension liability attributable to the District was .15470 percent, which was an increase of .00025 percent from its proportionate share measured as of June 30, 2021 of .15445 percent.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-4.25%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2023) 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 actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the TPAF's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	6.21%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Investment Grade Credit	7.00%	5.19%
US Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
Emerging Markets Equity	5.50%	11.13%
High Yield	4.50%	6.97%
Real Assets	3.00%	8.40%
Private Credit	8.00%	9.20%
Real Estate	8.00%	8.58%
Private Equity	13.00%	12.50%
International Small Cap Equity	1.25%	9.22%

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2023. 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.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 7.00%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00% percent) or 1-percentage-point higher (8.00% percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 93,096,419</u>	<u>\$ 78,950,036</u>	<u>\$ 67,035,419</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2023. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2023 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS, the Police and Firemen Retirement System (PFRS) or Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2022:

Active Plan Members	217,212
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>152,383</u>
Total	<u>369,595</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2023 is \$52.4 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2023 were determined based on actuarial valuations as of June 30, 2022 which were rolled forward to June 30, 2023.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2022 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.44 billion to the OPEB plan in fiscal year 2023.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2024, 2023 and 2022 were \$1,810,136, \$1,684,463 and \$1,506,535, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2022 through June 30, 2023. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2024, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,149,108. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2024 the State's proportionate share of the OPEB liability attributable to the District is \$66,827,442. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2023 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2023. At June 30, 2023, the state's share of the OPEB liability attributable to the District was .12763 percent, which was an increase of .00079 percent from its proportionate share measured as of June 30, 2022 of .12684 percent.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The OPEB liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>	<u>TPAF</u>
Salary Increases	2.75% to 6.55% Based on Years of Service	2.75% to 4.25% Based on Years of Service

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is, increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is, increasing to 17.4% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Discount Rate

The discount rate for June 30, 2023 was 3.65%. 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.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2024 (measurement date June 30, 2023) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2022 Measurement Date	\$ 64,240,994
Changes Recognized for the Fiscal Year:	
Service Cost	2,665,439
Interest on the Total OPEB Liability	2,353,581
Differences Between Expected and Actual Experience	(792,927)
Changes of Assumptions	134,696
Gross Benefit Payments	(1,834,655)
Contributions from the Member	60,314
Net Changes	\$ 2,586,448
Balance, June 30, 2023 Measurement Date	\$ 66,827,442

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2023.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.65%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease <u>(2.65%)</u>	Current Discount Rate <u>(3.65%)</u>	1% Increase <u>(4.65%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 78,343,703</u>	<u>\$ 66,827,442</u>	<u>\$ 57,581,221</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease <u></u>	Healthcare Cost Trend Rates <u></u>	1% Increase <u></u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 55,477,080</u>	<u>\$ 66,827,442</u>	<u>\$ 81,679,420</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2023. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2023 were not provided by the pension system.

F. Subsequent Events

Capital Financing Agreement

On July 11, 2024 the District entered into a capital financing agreement of \$940,000 for the acquisition of technology equipment, classroom furniture, athletic improvements and building security. These lease payments will commence May 15, 2025 and will mature on May 15, 2028, at an interest rate of 4.424%.

Appropriation of Fund Balance

On August 20, 2024 and November 26, 2024 the Board approved the appropriation of an additional \$400,000 of General Fund unassigned fund balance to support the 2024/2025 budget.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 6 RECENT HEALTHCARE DEVELOPMENTS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the Board have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the Board's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by the President of the United States on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Plan, in part, provides funding for State and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Board.

The Board has been awarded in excess of \$1.5 million in federal aid to address the effects of the COVID-19 pandemic.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 33,865,083		\$ 33,865,083	\$ 33,865,083	
Tuition from Other LEA's	7,411,726		7,411,726	7,386,554	\$ (25,172)
Tuition from Individuals	18,727		18,727	3,255	(15,472)
Interest			-	545,721	545,721
Interest on Capital Reserve	2,000		2,000	4,042	2,042
Interest on Maintenance Reserve	1,000		1,000		(1,000)
Rents and Royalties	47,300		47,300	150,899	103,599
Miscellaneous	419,000	-	419,000	405,916	(13,084)
Total Local Sources	41,764,836	-	41,764,836	42,361,470	596,634
State Sources					
Special Education Aid	1,512,388		1,512,388	1,512,388	
Security Aid	126,458		126,458	126,458	
Transportation Aid	801,052		801,052	801,052	
Extraordinary Aid	200,000		200,000	729,282	529,282
Nonpublic Transportation				85,540	85,540
On-Behalf TPAF (Non-Budget)					
Pension Contribution				6,575,920	6,575,920
NCGI Premium				74,995	74,995
Long Term Disability Insurance				1,701	1,701
Post Retirement - Medical				1,810,136	1,810,136
Social Security	-	-	-	1,339,517	1,339,517
Total State Sources	2,639,898	-	2,639,898	13,056,989	10,417,091
Federal Sources					
Medicaid Reimbursement	16,346	-	16,346	141	(16,205)
Total Federal Sources	16,346	-	16,346	141	(16,205)
Total Revenues	44,421,080	-	44,421,080	55,418,600	10,997,520
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	11,717,358	\$ 69,243	11,786,601	11,738,349	48,252
Home Instruction					
Salaries of Teachers	5,000	-	5,000	750	4,250
Purchased Prof.-Ed. Services	37,000	-	37,000	16,833	20,167
Regular Programs - Undistributed Instruction					
Purchased Prof.-Ed. Services	14,005	-	14,005	14,002	3
Rentals	244,672	(1,080)	243,592	222,281	21,311
Other Purchased Services	498,331	(32,450)	465,881	388,729	77,152
General Supplies	531,600	(143,946)	387,654	313,890	73,764
Textbooks	73,500	(6,450)	67,050	58,679	8,371
Other Objects	7,280	(50)	7,230	5,596	1,634
Total Regular Programs - Instruction	13,128,746	(114,733)	13,014,013	12,759,109	254,904
Learning and/or Language Disabilities					
Salaries of Teachers	391,639	(43,000)	348,639	344,904	3,735
Other Salaries for Instruction	246,820	(43,000)	203,820	187,292	16,528
Other Purchased Services	600	-	600		600
General Supplies	15,000	(1,000)	14,000	12,945	1,055
Textbooks	350	(350)			-
Other Objects	500	(500)	-	-	-
Total Learning and/or Language Disabilities	654,909	(87,850)	567,059	545,141	21,918
Resource Room/Resource Center					
Salaries of Teachers	1,845,300	(11,673)	1,833,627	1,809,124	24,503
Other Salaries for Instruction	273,870	78,820	352,690	334,800	17,890
Other Purchased Services	1,000	-	1,000		1,000
General Supplies	17,500	(3,575)	13,925	13,602	323
Textbooks	1,000	(650)	350	-	350
Total Resource Room/Resource Center	2,138,670	62,922	2,201,592	2,157,526	44,066

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Total Special Education - Instruction	\$ 2,793,579	\$ (24,928)	\$ 2,768,651	\$ 2,702,667	\$ 65,984
Bilingual Education - Instruction					
Salaries of Teachers	75,240	(5,671)	69,569	61,887	7,682
Other Purchased Services	1,000	-	1,000	-	1,000
Other Objects	600	-	600	-	600
Total Bilingual Education - Instruction	76,840	(5,671)	71,169	61,887	9,282
School Spons. Co/Extra Curr. Activities - Instruction					
Salaries	270,100	(5,270)	264,830	217,580	47,250
Purchased Services	16,200	4,150	20,350	12,773	7,577
Supplies and Materials	32,800	(4,150)	28,650	17,037	11,613
Other Objects	1,815	-	1,815	350	1,465
Transfers to Cover Deficit	18,000	-	18,000	6,000	12,000
Total School Spon. Co/Extra Curr. Activities - Instruction	338,915	(5,270)	333,645	253,740	79,905
School Sponsored Athletics - Instruction					
Salaries	907,054	(2,932)	904,122	854,779	49,343
Purchased Professional Services	152,000	(92,000)	60,000	37,020	22,980
Purchased Services	123,596	41,300	164,896	124,956	39,940
Supplies and Materials	238,460	(7,687)	230,773	179,138	51,635
Other Objects	19,000	-	19,000	3,418	15,582
Total School Sponsored Athletics-Instruction	1,440,110	(61,319)	1,378,791	1,199,311	179,480
Total - Instruction	17,778,190	(211,921)	17,566,269	16,976,714	589,555
Undistributed Expenditures					
Instruction (Tuition)					
Tuition to Other LEAs Within State - Regular		24,700	24,700	19,756	4,944
Tuition to Other LEAs Within State - Special	586,531	(185,300)	401,231	353,914	47,317
Tuition to County Voc. School Dist. - Regular	61,053	3,500	64,553	64,481	72
Tuition to County Voc. School Dist. - Special	13,095	800	13,895	13,140	755
Tuition to Private Schools for the Disabled - In-State	2,368,070	87,750	2,455,820	2,409,985	45,835
Tuition to Private Schools for the Disabled - Out-of-State	180,000	5,000	185,000	184,545	455
Tuition - State Facilities	4,500	-	4,500	4,500	-
Tuition - Other	20,000	(9,600)	10,400	5,246	5,154
Total Instruction (Tuition)	3,233,249	(73,150)	3,160,099	3,055,567	104,532
Attendance and Social Work					
Salaries	108,960	3,304	112,264	111,231	1,033
Total Attendance and Social Work	108,960	3,304	112,264	111,231	1,033
Health Services					
Salaries of Teachers	307,565	12,445	320,010	310,127	9,883
Purchased Professional and Technical Services	180,000	33,000	213,000	195,195	17,805
Other Purchased Services	15,000	1,080	16,080	1,080	15,000
Supplies and Materials	20,000	(225)	19,775	8,188	11,587
Other Objects	260	225	485	468	17
Total Health Services	522,825	46,525	569,350	515,058	54,292
Speech, OT, PT, and Related Services					
Purchased Professional-Educational Services	128,900	(24,300)	104,600	72,784	31,816
Total Speech, OT, PT and Related Services	128,900	(24,300)	104,600	72,784	31,816

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Other Support Services - Extra. Services					
Salaries	\$ 336,403	\$ (62,493)	\$ 273,910	\$ 259,480	\$ 14,430
Purchased Professional - Educational Services	150,000	187,950	337,950	262,689	75,261
Supplies and Materials	3,000	-	3,000	-	3,000
Total Other Support Services - Extra. Services	489,403	125,457	614,860	522,169	92,691
Guidance					
Salaries of Other Professional Staff	949,271	14,504	963,775	963,754	21
Salaries of Secretarial and Clerical Assistants	136,100	2,320	138,420	138,420	-
Other Salaries	162,259	8,201	170,460	168,040	2,420
Other Purchased Services	2,500	(250)	2,250	575	1,675
Supplies and Materials	21,800	(2,135)	19,665	15,692	3,973
Other Objects	32,400	-	32,400	26,288	6,112
Total Guidance	1,304,330	22,640	1,326,970	1,312,769	14,201
Child Study Teams					
Salaries of Other Professional Staff	747,220	10,338	757,558	735,327	22,231
Salaries of Secretarial and Clerical Assistants	140,467	828	141,295	141,195	100
Purchased Professional - Educational Services	15,000	-	15,000	9,922	5,078
Other Purchased Services	33,026	19,700	52,726	50,988	1,738
Supplies and Materials	22,846	(9,450)	13,396	6,282	7,114
Other Objects	1,500	-	1,500	-	1,500
Total Child Study Teams	960,059	21,416	981,475	943,714	37,761
Improvement of Instruction Services					
Other Support Services-Instructional Staff					
Salaries of Supervisors of Instruction	792,285	(4,091)	788,194	774,994	13,200
Salaries of Other Professional Staff	13,500	-	13,500	5,250	8,250
Salaries of Secretarial and Clerical Assistants	55,701	330	56,031	56,031	-
Supplies and Materials	1,500	-	1,500	495	1,005
Total Improvement of Instruction Services	862,986	(3,761)	859,225	836,770	22,455
Educational Media Services/Library					
Salaries	458,379	9,181	467,560	462,761	4,799
Other Purchased Services	57,000	-	57,000	51,588	5,412
Supplies and Materials	16,000	-	16,000	10,436	5,564
Total Educational Media Services/Library	531,379	9,181	540,560	524,785	15,775
Instructional Staff Training Services					
Salaries of Other Professional Staff	75,014	3,486	78,500	78,500	-
Salaries of Secretarial and Clerical Assist.	42,564	430	42,994	42,970	24
Other Salaries	20,000	(17,500)	2,500	140	2,360
Purchased Professional/Educational Svcs.	30,650	(7,500)	23,150	14,577	8,573
Other Purchased Services	24,500	(1,160)	23,340	14,034	9,306
Supplies and Materials	15,000	(5,000)	10,000	2,658	7,342
Other Objects	4,000	-	4,000	2,334	1,666
Total Instructional Staff Training Svcs.	211,728	(27,244)	184,484	155,213	29,271

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Support Services - General Administration					
Salaries of Other Professional Staff	\$ 226,229	\$ 39,000	\$ 265,229	\$ 265,000	\$ 229
Salaries of Secretarial and Clerical Assist.	97,344	1,361	98,705	98,670	35
Other Salaries	9,540	210	9,750	9,750	-
Legal Services	70,000	21,000	91,000	90,842	158
Audit Fees	33,500	485	33,985	33,985	-
Other Purchased Professional Services	31,600	28,515	60,115	59,348	767
Purchased Technical Services	25,000	12,431	37,431	24,778	12,653
Miscellaneous Purchased Services	7,456	(2,000)	5,456	5,207	249
Communications/Telephone	30,500	(6,000)	24,500	22,039	2,461
BOE Other Purchased Services	6,400	1,010	7,410	6,436	974
Miscellaneous Purchased Services	369,832	5,154	374,986	374,976	10
General Supplies	10,280	(6,650)	3,630	1,620	2,010
Miscellaneous Expenditures	11,200	(500)	10,700	6,488	4,212
BOE Membership Dues and Fees	20,000	650	20,650	20,514	136
Total Support Services - General Administration	<u>948,881</u>	<u>94,666</u>	<u>1,043,547</u>	<u>1,019,653</u>	<u>23,894</u>
Support Services - School Administration					
Salaries of Principals/Asst. Principals/Program Directors	666,640	-	666,640	666,639	1
Salaries of Other Professional Staff	571,918	(803)	571,115	571,092	23
Salaries of Secretarial and Clerical Assistants	161,488	2,353	163,841	163,231	610
Other Purchased Services	3,085	1,450	4,535	2,198	2,337
Supplies and Materials	32,000	2,000	34,000	27,340	6,660
Other Objects	24,500	10,000	34,500	30,725	3,775
Total Support Services - School Administration	<u>1,459,631</u>	<u>15,000</u>	<u>1,474,631</u>	<u>1,461,225</u>	<u>13,406</u>
Central Services					
Salaries	653,950	8,441	662,391	650,045	12,346
Purchased Technical Services	1,700	(850)	850	850	-
Misc. Purchased Services	13,800	(350)	13,450	6,605	6,845
Supplies and Materials	7,200	-	7,200	5,888	1,312
Interest on Current Loans	207,739	-	207,739	207,738	1
Miscellaneous Expenditures	9,250	-	9,250	4,746	4,504
Total Central Services	<u>893,639</u>	<u>7,241</u>	<u>900,880</u>	<u>875,872</u>	<u>25,008</u>
Administration Information Technology					
Salaries	191,051	-	191,051	185,031	6,020
Purchased Technical Services	36,500	1,200	37,700	24,273	13,427
Other Purchased Services	51,575	7,200	58,775	53,159	5,616
Supplies and Materials	1,500	-	1,500	-	1,500
Other Objects	500	-	500	-	500
Total Administration Information Technology	<u>281,126</u>	<u>8,400</u>	<u>289,526</u>	<u>262,463</u>	<u>27,063</u>
Required Maint. for School Facilities					
Salaries	886,370	59,657	946,027	917,959	28,068
Cleaning, Repair, and Maintenance	525,050	49,668	574,718	459,196	115,522
General Supplies	93,500	4,869	98,369	79,107	19,262
Other Objects	3,000	700	3,700	3,636	64
Total Required Maint. for School Facilities	<u>1,507,920</u>	<u>114,894</u>	<u>1,622,814</u>	<u>1,459,898</u>	<u>162,916</u>

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Custodial Services					
Cleaning, Repair, and Maintenance Services	\$ 1,154,921	\$ (16,250)	\$ 1,138,671	\$ 1,082,822	\$ 55,849
Lease Purchase Payments	738,770	-	738,770	738,760	10
Other Purchased Property Services	75,700	6,800	82,500	81,525	975
Insurance	90,871	(8,775)	82,096	79,476	2,620
Miscellaneous Purchased Services	2,500	-	2,500	1,673	827
General Supplies	148,500	(50,200)	98,300	95,294	3,006
Energy (Natural Gas)	193,800	43,700	237,500	237,483	17
Energy (Electricity)	226,250	57,250	283,500	280,036	3,464
Total Custodial Services	<u>2,631,312</u>	<u>32,525</u>	<u>2,663,837</u>	<u>2,597,069</u>	<u>66,768</u>
Care and Upkeep of Grounds					
Salaries	266,861	16,166	283,027	282,505	522
Purchased Prof. and Technical Services	21,800	(1,500)	20,300	12,401	7,899
Cleaning, Repair, and Maintenance Serv.	106,000	(14,000)	92,000	74,043	17,957
General Supplies	50,000	(1,900)	48,100	43,247	4,853
Total Care and Upkeep of Grounds	<u>444,661</u>	<u>(1,234)</u>	<u>443,427</u>	<u>412,196</u>	<u>31,231</u>
Security					
Salaries	354,918	4,622	359,540	354,294	5,246
Purchased Prof. and Technical Services	150,500	4,345	154,845	152,228	2,617
Cleaning, Repair, and Maintenance Serv.	10,000	(4,295)	5,705	5,705	-
General Supplies	15,000	46,639	61,639	61,629	10
Other Objects	200	(100)	100	21	79
Total Security	<u>530,618</u>	<u>51,211</u>	<u>581,829</u>	<u>573,877</u>	<u>7,952</u>
Student Transportation Services					
Sal. For Pupil Trans (Bet Home and Sch) - Reg.	70,189	1,031	71,220	66,419	4,801
Sal. For Pupil Trans (Other Than Bet Home and Sch)	70,000	(28,100)	41,900	19,138	22,762
Other Purchased Prof. and Technical Svce.	5,350	11,458	16,808	16,358	450
Management Fee - ESC Transportation Program	60,000	22,400	82,400	74,797	7,603
Cleaning, Repair, and Maintenance Services	13,000	(3,650)	9,350	7,802	1,548
Rental Payments - School Buses	10,000	(7,800)	2,200	-	2,200
Contr. Serv. (Bet Home and Sch) - Vendors	1,122,300	(49,200)	1,073,100	1,070,386	2,714
Contr. Serv. (Other Than Bet Home and Sch) - Vendors	321,000	(18,550)	302,450	301,457	993
Contr. Serv. (Bet Home and Sch) - Joint Agreements	184,722	83,130	267,852	263,097	4,755
Contr. Serv. (Spec. Ed.) - Joint Agreements	1,337,930	(43,230)	1,294,700	1,236,972	57,728
Contr. Serv. - Aid in Lieu Payments	199,290	6,200	205,490	204,293	1,197
Miscellaneous Purchased Services - Transportation	60,390	-	60,390	60,390	-
General Supplies	10,000	-	10,000	1,487	8,513
Other Objects	3,400	1,500	4,900	4,877	23
Total Student Transportation Services	<u>3,467,571</u>	<u>(24,811)</u>	<u>3,442,760</u>	<u>3,327,473</u>	<u>115,287</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	439,900	20,000	459,900	442,552	17,348
Other Retirement Contributions - PERS	615,136	-	615,136	612,155	2,981
Other Retirement Contributions - Regular	12,000	-	12,000	10,431	1,569
Unemployment Compensation	1,000	-	1,000	595	405
Workmen's Compensation	210,311	3,621	213,932	213,932	-
Health Benefits	5,465,986	(159,888)	5,306,098	4,958,179	347,919
Tuition Reimbursement	108,250	-	108,250	50,623	57,627
Other Employee Benefits	62,500	-	62,500	37,272	25,228
Total Unallocated Benefits - Employee Benefits	<u>6,915,083</u>	<u>(136,267)</u>	<u>6,778,816</u>	<u>6,325,739</u>	<u>453,077</u>

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
On-Behalf - TPAF (Non-Budget)					
Pension Contribution				\$ 6,575,920	\$ (6,575,920)
NCGI Premium				74,995	(74,995)
Long-Term Disability Insurance				1,701	(1,701)
Post-Retirement Medical				1,810,136	(1,810,136)
Social Security Contributions	-	-	-	1,339,517	(1,339,517)
Total On-Behalf	-	-	-	9,802,269	(9,802,269)
Total Undistributed Expenditures	\$ 27,434,261	\$ 261,693	\$ 27,695,954	36,167,794	(8,471,840)
Interest Earned on Maintenance Reserve	1,000	-	1,000	-	1,000
Total Current Expenditures	45,213,451	49,772	45,263,223	53,144,508	(7,881,285)
CAPITAL OUTLAY					
Equipment					
Undistributed					
Support Services		2,135	2,135	2,135	-
Architectural/Engineering Services		102	102	102	-
Resource Room	-	3,075	3,075	3,063	12
Total Equipment	-	5,312	5,312	5,300	12
Facilities Acquisition and Construction Services					
Construction Services		388,500	388,500	388,500	-
Assessment for Debt Service on SDA Funding	121,752	-	121,752	121,752	-
Total Facilities Acquisition and Construction Services	121,752	388,500	510,252	510,252	-
Interest Earned on Capital Reserve	2,000	-	2,000	-	2,000
Total Capital Outlay	123,752	393,812	517,564	515,552	2,012
SPECIAL SCHOOLS					
Summer School					
Instruction					
Salaries of Teachers	11,500	-	11,500	1,435	10,065
General Supplies	500	-	500	-	500
Total Special Schools	12,000	-	12,000	1,435	10,565
Total Expenditures	45,349,203	443,584	45,792,787	53,661,495	(7,868,708)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(928,123)	(443,584)	(1,371,707)	1,757,105	3,128,812
Other Financing Sources (Uses)					
Transfers In - Debt Service Fund	34,423	-	34,423	34,424	1
Transfers In - Capital Projects Fund				21,453	21,453
Transfer Out - Special Revenue Fund (Student Activities/Athletics)		(111,000)	(111,000)	(111,000)	-
Transfer Out - Debt Service Fund	(5,177,498)		(5,177,498)	(5,285,782)	(108,284)
Transfer Out (Capital Reserve) - Capital Projects Fund	(800,000)	-	(800,000)	(800,000)	-
Transfer Out (Capital Outlay) - Capital Projects Fund	(500,000)	-	(500,000)	(500,000)	-
Total Other Financing Sources (Uses)	(6,443,075)	(111,000)	(6,554,075)	(6,640,905)	(86,830)

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Adjustments	Modified Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT (Continued)					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (7,371,198)	\$ (554,584)	\$ (7,925,782)	\$ (4,883,800)	\$ 3,041,982
Fund Balance, Beginning of Year	15,325,070	-	15,325,070	15,325,070	-
Fund Balance, End of Year	\$ 7,953,872	\$ (554,584)	\$ 7,399,288	\$ 10,441,270	\$ 3,041,982
<u>Recapitulation of Fund Balance:</u>					
Restricted					
Capital Reserve				\$ 5,780,850	
Maintenance Reserve				1,153,209	
Excess Surplus				489,221	
Excess Surplus - Designated for Subsequent Year's Budget				622,756	
Tuition Reserve				100,000	
Tuition Reserve - Designated for Subsequent Year's Budget				100,000	
Unemployment Compensation Reserve				264,717	
Assigned					
Year-End Encumbrances				130,290	
Designated for Subsequent Year's Budget				280,000	
Unassigned				1,520,227	
				10,441,270	
<u>Reconciliation to Governmental Fund Statements (GAAP)</u>					
Less: State Aid Payments Not Recognized on GAAP				(958,447)	
Fund Balance, GAAP Basis (Exhibit B-2)				\$ 9,482,823	

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original</u> <u>Budget</u>	<u>Adjustments</u>	<u>Modified</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final Budget</u> <u>to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 143,988	\$ 4,289	\$ 148,277	\$ 128,908	\$ (19,369)
Federal	579,370	81,490	660,860	842,177	181,317
Local	367,613	265,613	633,226	502,994	(130,232)
Total Revenues	1,090,971	351,392	1,442,363	1,474,079	31,716
EXPENDITURES					
Instruction					
Salaries of Teachers	63,113	55,892	119,005	97,203	21,802
Purchased Professional and Tech. Services	58,852	(11,924)	46,928	52,241	(5,313)
Other Purchased Services	417,301	(74,532)	342,769	563,122	(220,353)
General Supplies	11,424	7,822	19,246	18,601	645
Textbooks	17,952	1,638	19,590	10,127	9,463
School Sponsored Student Activities	325,000	16,225	341,225	341,225	-
School Sponsored Athletics	10,000	241,347	251,347	251,347	-
Total Instruction	903,642	236,468	1,140,110	1,333,866	(193,756)
Support Services					
Salaries	20,000	3,265	23,265	12,389	10,876
Personal Services - Employee Benefits	16,258	33,788	50,046	39,896	10,150
Purchased Professional and Tech. Services	111,071	44,484	155,555	130,128	25,427
Other Purchased Services		35,153	35,153	35,153	-
Supplies and Materials	40,000	(16,766)	23,234	23,234	-
Scholarship Awards	-	15,000	15,000	15,000	-
Total Support Services	187,329	114,924	302,253	255,800	46,453
Total Expenditures	1,090,971	351,392	1,442,363	1,589,666	(147,303)
Other Financing Sources					
Transfers In	-	-	-	111,000	111,000
Total Other Financing Sources (Uses)	-	-	-	111,000	111,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(4,587)	(4,587)
Fund Balance, Beginning of Year	309,843	-	309,843	309,843	-
Fund Balance, End of Year	\$ 309,843	\$ -	\$ 309,843	\$ 305,256	\$ (4,587)
Recapitulation of Restricted Fund Balance					
Student Activities				\$ 247,826	
Scholarship Awards				57,430	
				<u>\$ 305,256</u>	

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

The accounting records of the Special Revenue Funds 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.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Revenues (budgetary basis) (Exhibits C-1 and C-2)	\$ 55,418,600	\$ 1,474,079
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year Encumbrances		(5,148)
Prior Year Encumbrances		50,024
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements - Current Year	(958,447)	
State Aid payments recognized for GAAP statements, not recognized for budgetary basis - Prior Year	<u>1,206,640</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 55,666,793</u>	<u>\$ 1,518,955</u>
Uses/Outflows of Resources		
Actual Expenditures (budgetary basis) (Exhibit C-1 and C-2)	\$ 53,661,495	\$ 1,589,666
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes		
Current Year Encumbrances		(5,148)
Prior Year Encumbrances	<u>-</u>	<u>50,024</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 53,661,495</u>	<u>\$ 1,634,542</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND OTHER POST-EMPLOYMENT BENEFITS INFORMATION

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Ten Fiscal Years ***

	<u>2024</u>	<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>
District's Proportion of the Net Position Liability (Asset)	0.04574%	0.04513%	0.04518%	0.04660%	0.04570%	0.04857%	0.04633%	0.04680%	0.04456%	0.04308%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,625,482	\$ 6,811,385	\$ 5,352,761	\$ 7,599,517	\$ 8,234,254	\$ 9,563,615	\$ 10,785,035	\$ 13,861,901	\$ 10,002,788	\$ 8,065,407
District's Covered - Employee Payroll	\$ 3,364,866	\$ 3,420,515	\$ 3,321,168	\$ 3,255,883	\$ 3,301,807	\$ 3,272,374	\$ 3,324,992	\$ 3,053,173	\$ 3,104,751	\$ 2,974,617
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	196.90%	199.13%	161.17%	233.41%	249.39%	292.25%	324.36%	454.02%	322.18%	271.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OF THE NET PENSION LIABILITY**

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Ten Fiscal Years**

	<u>2024</u>	<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>
Contractually Required Contribution	\$ 611,359	\$ 569,165	\$ 529,161	\$ 509,799	\$ 444,518	\$ 483,136	\$ 429,204	\$ 415,797	\$ 383,095	\$ 355,130
Contributions in Relation to the Contractually Required Contributions	<u>611,359</u>	<u>569,165</u>	<u>529,161</u>	<u>509,799</u>	<u>444,518</u>	<u>483,136</u>	<u>429,204</u>	<u>415,797</u>	<u>383,095</u>	<u>355,130</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	\$ 3,365,652	\$ 3,364,866	\$ 3,420,515	\$ 3,321,168	\$ 3,255,883	\$ 3,301,807	\$ 3,272,374	\$ 3,324,992	\$ 3,053,173	\$ 3,104,751
Contributions as a Percentage of Covered - Employee Payroll	18.16%	16.91%	15.47%	15.35%	13.65%	14.63%	13.12%	12.51%	12.34%	11.94%

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**TEACHERS' PENSION AND ANNUITY FUND
Last Ten Fiscal Years ***

	<u>2024</u>	<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>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of Net Pension Liability (Asset) Associated with the District	<u>\$ 78,950,036</u>	<u>\$ 79,690,214</u>	<u>\$ 73,811,263</u>	<u>\$ 103,133,231</u>	<u>\$ 96,950,100</u>	<u>\$ 103,511,349</u>	<u>\$ 107,130,017</u>	<u>\$ 127,864,123</u>	<u>\$ 102,351,486</u>	<u>\$ 83,009,491</u>
Total	<u>\$ 78,950,036</u>	<u>\$ 79,690,214</u>	<u>\$ 73,811,263</u>	<u>\$ 103,133,231</u>	<u>\$ 96,950,100</u>	<u>\$ 103,511,349</u>	<u>\$ 107,130,017</u>	<u>\$ 127,864,123</u>	<u>\$ 102,351,486</u>	<u>\$ 83,009,491</u>
District's Covered - Employee Payroll	\$ 17,719,896	\$ 18,160,010	\$ 17,482,000	\$ 16,794,447	\$ 16,796,517	\$ 16,875,999	\$ 16,808,037	\$ 16,344,743	\$ 16,417,962	\$ 16,160,027
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered - Employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 5D.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY**

Postemployment Health Benefit Plan

Last Seven Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
Service Cost	\$ 2,665,439	\$ 3,382,149	\$ 3,942,408	\$ 2,203,620	\$ 2,192,634	\$ 2,509,051	\$ 3,027,972
Interest on Total OPEB Liability	2,353,581	1,702,457	1,957,629	1,847,879	2,220,855	2,383,565	2,052,814
Changes of Benefit Terms			(80,323)				
Differences Between Expected and Actual Experience	(792,927)	2,557,328	(12,638,370)	14,479,631	(8,307,519)	(5,863,967)	
Changes of Assumptions	134,696	(17,233,223)	74,451	15,289,249	764,788	(6,420,597)	(8,559,275)
Gross Benefit Payments	(1,834,655)	(1,686,334)	(1,542,063)	(1,457,161)	(1,574,553)	(1,496,096)	(1,652,528)
Member Contributions	60,314	54,098	50,047	44,166	46,674	51,707	60,850
Net Change in Total OPEB Liability	2,586,448	(11,223,525)	(8,236,221)	32,407,384	(4,657,121)	(8,836,337)	(5,070,167)
Total OPEB Liability - Beginning of Year	64,240,994	75,464,519	83,700,740	51,293,356	55,950,477	64,786,814	69,856,981
Total OPEB Liability - End of Year	<u>\$ 66,827,442</u>	<u>\$ 64,240,994</u>	<u>\$ 75,464,519</u>	<u>\$ 83,700,740</u>	<u>\$ 51,293,356</u>	<u>\$ 55,950,477</u>	<u>\$ 64,786,814</u>
District's Proportionate Share of OPEB Liability	-	-	-	-	-	-	-
State's Proportionate Share of OPEB Liability	<u>\$ 66,827,442</u>	<u>\$ 64,240,994</u>	<u>\$ 75,464,519</u>	<u>\$ 83,700,740</u>	<u>\$ 51,293,356</u>	<u>\$ 55,950,477</u>	<u>\$ 64,786,814</u>
Total OPEB Liability - Ending	<u>\$ 66,827,442</u>	<u>\$ 64,240,994</u>	<u>\$ 75,464,519</u>	<u>\$ 83,700,740</u>	<u>\$ 51,293,356</u>	<u>\$ 55,950,477</u>	<u>\$ 64,786,814</u>
District's Covered - Employee Payroll	<u>\$ 21,084,762</u>	<u>\$ 21,580,525</u>	<u>\$ 20,803,168</u>	<u>\$ 20,050,330</u>	<u>\$ 20,098,324</u>	<u>\$ 20,148,373</u>	<u>\$ 20,133,029</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%	0%	0%

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

*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability
are presented in Note 5E.

SPECIAL REVENUE FUND

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	ESEA Title I	ESEA Title IIA	ESEA Title IV	I.D.E.A. Part B Basic	ACSERS	American Rescue Plan - ESSER III				Exhibit E-1 Totals
						ESSER III	Accelerated Learning Coach and Educator Support	Evidence-Based Summer Learning and Enrichment	Evidence-Based Comprehensive Beyond the School Day	
REVENUES										
Intergovernmental										
State										-
Federal	\$ 40,023	\$ 22,114	\$ 14,245	\$ 418,035	\$ 138,973	\$ 121,464	\$ 55,221	\$ 3,362	\$ 28,740	\$ 842,177
Local	-	-	-	-	-	-	-	-	-	-
Total Revenues	40,023	22,114	14,245	418,035	138,973	121,464	55,221	3,362	28,740	842,177
EXPENDITURES										
Instruction										
Salaries of Teachers	24,404					53,665	11,268	2,756	5,110	97,203
Other Purchased Services	-	-	-	391,035	112,889	250	-	-	-	504,174
Total Instruction	24,404	-	-	391,035	112,889	53,915	11,268	2,756	5,110	601,377
Support Services										
Salaries		8,575			3,814					12,389
Personal Services - Employee Benefits	15,619	656				17,549	5,070	606	396	39,896
Purchased Professional and Tech. Services			14,245	27,000		50,000	38,883			130,128
Other Purchased Services		12,883			22,270					35,153
Supplies and Materials	-	-	-	-	-	-	-	-	23,234	23,234
Total Support Services	15,619	22,114	14,245	27,000	26,084	67,549	43,953	606	23,630	240,800
Total Expenditures	40,023	22,114	14,245	418,035	138,973	121,464	55,221	3,362	28,740	842,177
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Nonpublic Aid / Chapter 192-193										
	Local Donations	Student Activities	Scholarship	Textbooks	Technology	Nursing	Security	Home Instruction	Exam. and Class.	Exhibit E-1 Totals	Grand Totals
REVENUES											
Intergovernmental											
State				\$ 10,045	\$ 13,288	\$ 30,456	\$ 53,334	\$ 737	\$ 21,048	-	\$ 128,908
Federal										\$ 842,177	842,177
Local	\$ 11,009	\$ 479,469	\$ 12,516	-	-	-	-	-	-	-	502,994
Total Revenues	11,009	479,469	12,516	10,045	13,288	30,456	53,334	737	21,048	842,177	1,474,079
EXPENDITURES											
Instruction											
Salaries of Teachers										97,203	97,203
Purchased Professional and Tech. Services						30,456		737	21,048	-	52,241
Other Purchased Services	5,614						53,334			504,174	563,122
General Supplies	5,313				13,288					-	18,601
Textbooks	82			10,045						-	10,127
School Sponsored Student Activities		341,225								-	341,225
School Sponsored Athletics	-	251,347	-	-	-	-	-	-	-	-	251,347
Total Instruction	11,009	592,572	-	10,045	13,288	30,456	53,334	737	21,048	601,377	1,333,866
Support Services											
Salaries										12,389	12,389
Personal Services - Employee Benefits										39,896	39,896
Purchased Professional and Tech. Services										130,128	130,128
Other Purchased Services										35,153	35,153
Supplies and Materials										23,234	23,234
Scholarship Awards	-	-	15,000	-	-	-	-	-	-	-	15,000
Total Support Services	-	-	15,000	-	-	-	-	-	-	240,800	255,800
Total Expenditures	11,009	592,572	15,000	10,045	13,288	30,456	53,334	737	21,048	842,177	1,589,666
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(113,103)	(2,484)	-	-	-	-	-	-	-	(115,587)
Other Financing Sources											
Transfers In	-	111,000	-	-	-	-	-	-	-	-	111,000
Fund Balance, Beginning of Year	-	249,929	59,914	-	-	-	-	-	-	-	309,843
Fund Balance, End of Year	\$ -	\$ 247,826	\$ 57,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 305,256

CAPITAL PROJECTS FUND

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

<u>Project Title/Description</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2024</u>
		<u>Prior Years</u>	<u>Current Year</u>	
ESIP Improvements	\$ 6,700,000	\$ 6,603,309	\$ 8,500	\$ 88,191
2022 School Referendum	7,951,710	327,085	2,843,015	4,781,610
Running Track Replacement	1,300,000		78,787	1,221,213
Various Technology and Equipment	<u>675,000</u>	<u>-</u>	<u>549,119</u>	<u>125,881</u>
	<u>\$ 16,626,710</u>	<u>\$ 6,930,394</u>	<u>\$ 3,479,421</u>	<u>\$ 6,216,895</u>

Analysis of Restricted Fund Balance:

Year-End Encumbrances	\$ 5,078,560
Restricted for Capital Projects	<u>1,138,335</u>
Fund Balance, GAAP Basis	<u>\$ 6,216,895</u>

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Revenues and Other Financing Sources

Revenues

Interest on Deposits - Referendum	\$ 375,622
Interest on Deposits - Lease Purchase Agreement	15,708

Other Financing Sources

Temporary Capital Note Retired by Budget	7,951,710
Lease Purchase Proceeds	675,000
Transfer In - Capital Outlay	500,000
Transfer In - Capital Reserve	<u>800,000</u>

Total Revenues	<u>10,318,040</u>
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Expenditures and Other Financing Uses

Architectural Services	197,400
Purchased Professional and Technical Services	9,920
Construction Services	2,642,526
General Supplies	436,622
Equipment	149,682
Other Miscellaneous	36,271
Debt Issuance Costs	7,000
Transfer to Debt Service Fund	375,622
Transfer to General Fund	<u>21,453</u>

Total Expenditures and Other Financing Uses	<u>3,876,496</u>
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Excess (Deficiency) of Revenues Over (Under) Expenditures	6,441,544
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Fund Balance, July 1, 2023	<u>(224,649)</u>
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Fund Balance, June 30, 2024	<u><u>\$ 6,216,895</u></u>
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**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
ENERGY SAVINGS IMPROVEMENT PROGRAM
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Energy Savings Improvement Program	\$ 6,700,000	-	\$ 6,700,000	\$ 6,700,000
Total Revenues	6,700,000	-	6,700,000	6,700,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	502,817	\$ 8,500	511,317	515,000
Construction Services	6,100,492	-	6,100,492	6,185,000
Total Expenditures	6,603,309	8,500	6,611,809	6,700,000
Excess of Revenues Over Expenditures	\$ 96,691	\$ (8,500)	\$ 88,191	\$ -
<u>Additional Project Information:</u>				
Original Authorized Cost	\$ 6,700,000			
Increase (Decrease) in Authorized Cost	-			
Revised Authorized Cost	\$ 6,700,000			

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
2022 SCHOOL REFERENDUM
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Debt Proceeds		\$ 7,951,710	\$ 7,951,710	\$ 7,951,710
Premium on Capital Note	\$ 34,424	-	34,424	-
 Total Revenues	 34,424	 7,951,710	 7,986,134	 7,951,710
Expenditures and Other Financing Uses				
Architectural Services		119,883	119,883	409,046
Purchased Professional and Technical Services	327,085	1,420	328,505	114,166
Construction Services		2,642,526	2,642,526	7,198,498
General Supplies		44,185	44,185	161,600
Other Miscellaneous		35,001	35,001	68,400
Transfer to General Fund	-	34,424	34,424	-
 Total Expenditures	 327,085	 2,877,439	 3,204,524	 7,951,710
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ (292,661)	 \$ 5,074,271	 \$ 4,781,610	 \$ -

Additional Project Information:

Project Number(s)	5550-050-22-1000 / 5550-050-22-2000
Note Authorization Date	October 6, 2022
Debt Authorized	\$ 7,951,710
Debt Issued	7,951,710
 Original Authorized Cost	 \$ 7,951,710
Increase (Decrease) in Authorized Cost	-
Revised Authorized Cost	\$ 7,951,710
 Percentage Increase Over Original Authorized Cost	 0.00%
Percentage Completion	40%
Original Target Completion Date	December 31, 2024

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
RUNNING TRACK REPLACEMENT PROJECT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer In - Capital Outlay		\$ 500,000	\$ 500,000	\$ 500,000
Transfer In - Capital Reserve	-	800,000	800,000	800,000
Total Revenues	-	1,300,000	1,300,000	1,300,000
Expenditures and Other Financing Uses				
Architectural Services		77,517	77,517	115,000
Purchased Professional and Technical Services			-	10,000
Construction Services			-	1,160,000
Other Miscellaneous	-	1,270	1,270	15,000
Total Expenditures	-	78,787	78,787	1,300,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 1,221,213	\$ 1,221,213	\$ -
<u>Additional Project Information:</u>				
Original Authorized Cost	\$ 1,300,000			
Increase (Decrease) in Authorized Cost	-			
Revised Authorized Cost	\$ 1,300,000			

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
LEASE PURCHASE AGREEMENT - VARIOUS TECHNOLOGY EQUIPMENT AND UPGRADES
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	-	\$ 675,000	\$ 675,000	\$ 675,000
Total Revenues	-	675,000	675,000	675,000
Expenditures and Other Financing Uses				
General Supplies		392,437	392,437	518,184
Equipment		149,682	149,682	149,816
Issuance Costs	-	7,000	7,000	7,000
Total Expenditures	-	549,119	549,119	675,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 125,881	\$ 125,881	\$ -
<u>Additional Project Information:</u>				
Original Authorized Cost	\$ 675,000			
Increase (Decrease) in Authorized Cost	-			
Revised Authorized Cost	\$ 675,000			

ENTERPRISE FUNDS

EXHIBIT G-1

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2024**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

LONG-TERM DEBT

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<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, 2023</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2024</u>
			<u>Date</u>	<u>Amount</u>					
School Bonds, Series 2013	11/13/2013	\$ 12,553,000	1/15/2025	\$ 910,000	3.00 %				
			1/15/2026	935,000	3.00				
			1/15/2027	965,000	3.25				
			1/15/2028	995,000	3.50				
			1/15/2029	1,023,000	3.50	\$ 5,713,000		\$ 885,000	\$ 4,828,000
Refunding Bonds	3/15/2016	1,970,000	1/15/2025	205,000	1.750				
			1/15/2026	210,000	1.750				
			1/15/2027	210,000	1.750	830,000		205,000	625,000
Refunding Bonds	4/21/2021	5,803,000				1,948,000		1,948,000	
Refunding Bonds	10/21/2021	9,521,000	1/15/2025	2,287,000	1.060				
			1/15/2026	2,320,000	1.060				
			1/15/2027	2,356,000	1.060				
			1/15/2028	2,391,000	1.060	9,431,000	-	77,000	9,354,000
						<u>\$ 17,922,000</u>	<u>\$ -</u>	<u>\$ 3,115,000</u>	<u>\$ 14,807,000</u>

**SCHEDULE OF SERIAL BONDS PAYABLE
SCHEDULE OF OBLIGATIONS UNDER CAPITAL FINANCING AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2024</u>
Acquisition of Technology Equipment	\$ 675,000	4.21 %		\$ 675,000	\$ 161,010	\$ 513,990
Energy Savings Improvement Program	6,700,000	1.63	\$ 6,261,030	-	636,869	5,624,161
			<u>\$ 6,261,030</u>	<u>\$ 675,000</u>	<u>\$ 797,879</u>	<u>\$ 6,138,151</u>

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 2,805,724		\$ 2,805,724	\$ 2,805,724	
Miscellaneous	25,000		25,000		\$ (25,000)
State Sources					
Debt Service Aid	3,137,634	-	3,137,634	3,137,634	-
Total Revenues	5,968,358	-	5,968,358	5,943,358	(25,000)
EXPENDITURES					
Debt Service					
Principal					
Bonds	3,115,000		3,115,000	3,115,000	
Capital Note	7,951,710	-	7,951,710	7,951,710	-
Interest	306,770	-	306,770	306,748	22
Total Expenditures	11,373,480	-	11,373,480	11,373,458	22
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(5,405,122)	-	(5,405,122)	(5,430,100)	(24,978)
OTHER FINANCING SOURCES (USES)					
Transfer In - General Fund				108,284	108,284
Transfer In - Capital Projects Fund				375,622	375,622
Transfer In - Capital Reserve	5,177,498		5,177,498	5,177,498	-
Transfer Out - General Fund	-	-	-	(34,424)	(34,424)
Total Other Financing Sources	5,177,498	-	5,177,498	5,626,980	449,482
Excess / (Deficiency) of Revenue Over / (Under) Expenditures and Other Financing Sources / (Uses)	(227,624)	-	(227,624)	196,880	424,504
Fund Balance, Beginning of Year	262,076	-	262,076	262,076	-
Fund Balance, End of Year	\$ 34,452	\$ -	\$ 34,452	\$ 458,956	\$ 424,504
Restricted Fund Balance					
Designated for Subsequent Year's Budget				\$ 34,452	
Available for Debt Service				424,504	
				\$ 458,956	

STATISTICAL SECTION

This part of the Watchung Hills Regional High School District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the district's overall financial health.

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

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.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

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

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	As of June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net Investment in Capital Assets	\$ 15,417,519	\$ 15,113,001	\$ 15,563,886	\$ 17,221,912	\$ 17,967,682	\$ 16,916,374	\$ 24,762,412	\$ 25,564,827	\$ 26,141,019	\$ 29,910,006
Restricted	8,079,606	3,640,492	3,510,769	3,452,419	4,229,816	6,756,111	8,100,441	10,458,652	11,936,877	14,379,883
Unrestricted	<u>(12,451,537)</u>	<u>(7,411,467)</u>	<u>(8,408,114)</u>	<u>(9,142,981)</u>	<u>(7,967,012)</u>	<u>(5,745,086)</u>	<u>(8,091,517)</u>	<u>(5,819,238)</u>	<u>(6,013,816)</u>	<u>(5,699,399)</u>
Total Governmental Activities Net Position	<u>\$ 11,045,588</u>	<u>\$ 11,342,026</u>	<u>\$ 10,666,541</u>	<u>\$ 11,531,350</u>	<u>\$ 14,230,486</u>	<u>\$ 17,927,399</u>	<u>\$ 24,771,336</u>	<u>\$ 30,204,241</u>	<u>\$ 32,064,080</u>	<u>\$ 38,590,490</u>
Business-Type Activities										
Invested in Capital Assets	\$ 135,946	\$ 218,111	\$ 195,709	\$ 358,810	\$ 438,028	\$ 445,990	\$ 405,846	\$ 364,569	\$ 332,969	\$ 341,263
Unrestricted	<u>102,009</u>	<u>164,823</u>	<u>257,596</u>	<u>261,904</u>	<u>370,394</u>	<u>396,425</u>	<u>286,994</u>	<u>302,896</u>	<u>431,064</u>	<u>362,103</u>
Total Business-Type Activities Net Position	<u>\$ 237,955</u>	<u>\$ 382,934</u>	<u>\$ 453,305</u>	<u>\$ 620,714</u>	<u>\$ 808,422</u>	<u>\$ 842,415</u>	<u>\$ 692,840</u>	<u>\$ 667,465</u>	<u>\$ 764,033</u>	<u>\$ 703,366</u>
District-Wide										
Net Investment in Capital Assets	\$ 15,553,465	\$ 15,331,112	\$ 15,759,595	\$ 17,580,722	\$ 18,405,710	\$ 17,362,364	\$ 25,168,258	\$ 25,929,396	\$ 26,473,988	\$ 30,251,269
Restricted	8,079,606	3,640,492	3,510,769	3,452,419	4,229,816	6,756,111	8,100,441	10,458,652	11,936,877	14,379,883
Unrestricted	<u>(12,349,528)</u>	<u>(7,246,644)</u>	<u>(8,150,518)</u>	<u>(8,881,077)</u>	<u>(7,596,618)</u>	<u>(5,348,661)</u>	<u>(7,804,523)</u>	<u>(5,516,342)</u>	<u>(5,582,752)</u>	<u>(5,337,296)</u>
Total District Net Position	<u>\$ 11,283,543</u>	<u>\$ 11,724,960</u>	<u>\$ 11,119,846</u>	<u>\$ 12,152,064</u>	<u>\$ 15,038,908</u>	<u>\$ 18,769,814</u>	<u>\$ 25,464,176</u>	<u>\$ 30,871,706</u>	<u>\$ 32,828,113</u>	<u>\$ 39,293,856</u>

Note 1 - Net position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Reporting for Pensions".

Note 2 - Net position at June 30, 2020 is restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities".

Source: District's Financial Statements

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 20,673,392	\$ 21,568,696	\$ 23,869,760	\$ 22,285,682	\$ 21,895,621	\$ 21,467,797	\$ 23,634,046	\$ 21,559,312	\$ 20,861,758	\$ 20,286,881
Special Education	6,033,087	6,266,347	7,210,563	7,358,644	6,602,733	6,882,692	7,390,237	6,764,125	7,649,570	7,608,390
Other Instruction	110,693	37,654	36,870	29,315	44,870	66,181	74,699	72,232	225,164	219,634
School Sponsored Activities And Athletics	1,896,729	1,999,127	2,168,611	2,133,492	2,147,622	2,094,102	2,282,312	2,494,242	2,343,589	2,367,669
Support Services:										
Student and Instruction Related Services	5,600,031	6,213,819	7,479,738	7,702,787	7,914,936	7,581,741	8,278,350	7,512,558	7,560,550	7,585,169
General Administration	1,041,375	1,218,434	1,331,125	1,259,590	1,247,919	1,244,024	1,321,681	1,371,777	1,505,316	1,604,153
School Administrative Services	2,526,879	2,485,745	2,811,870	2,804,421	2,640,087	2,349,670	2,592,670	2,250,078	2,384,962	2,260,400
Plant Operations And Maintenance	4,890,303	5,109,549	5,337,514	6,032,423	5,154,653	4,957,295	5,379,504	5,277,866	6,217,706	5,466,366
Pupil Transportation	2,101,720	2,183,469	2,353,253	2,561,898	2,578,763	2,157,114	1,839,775	2,586,677	3,081,762	3,353,167
Central Services	1,419,464	1,455,553	1,652,018	1,495,784	1,439,750	1,376,303	1,564,942	1,261,330	1,173,812	1,432,415
Interest On Long-Term Debt and Other Charges	1,426,449	1,385,401	1,287,144	1,213,027	1,128,245	1,077,024	851,692	699,306	465,859	437,412
Total Governmental Activities Expenses	47,720,122	49,923,794	55,538,466	54,877,063	52,795,199	51,253,943	55,209,908	51,849,503	53,470,048	52,621,656
Business-Type Activities:										
Food Service	930,831	915,669	968,188	1,019,159	1,071,920	828,998	166,315	988,178	1,238,278	1,298,675
Total Business-Type Activities Expense	930,831	915,669	968,188	1,019,159	1,071,920	828,998	166,315	988,178	1,238,278	1,298,675
Total District Expenses	\$ 48,650,953	\$ 50,839,463	\$ 56,506,654	\$ 55,896,222	\$ 53,867,119	\$ 52,082,941	\$ 55,376,223	\$ 52,837,681	\$ 54,708,326	\$ 53,920,331
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 6,886,186	\$ 6,960,271	\$ 6,796,993	\$ 7,236,479	\$ 7,822,287	\$ 8,308,872	\$ 8,812,546	\$ 8,935,796	\$ 8,163,345	\$ 7,866,794
Operating Grants and Contributions	9,055,430	11,043,261	14,237,659	13,233,721	12,487,601	11,123,465	15,405,468	11,700,597	9,977,105	10,059,552
Capital Grants and Contributions	-	-	-	-	-	-	-	61,854	-	-
Total Governmental Activities Program Revenues	15,941,616	18,003,532	21,034,652	20,470,200	20,309,888	19,432,337	24,218,014	20,698,247	18,140,450	17,926,346
Business-Type Activities:										
Charges For Services										
Food Service	942,330	961,566	1,038,559	1,110,318	1,138,796	809,709	13,960	962,803	1,334,846	1,238,008
Total Business Type Activities Program Revenues	942,330	961,566	1,038,559	1,110,318	1,138,796	809,709	13,960	962,803	1,334,846	1,238,008
Total District Program Revenues	\$ 16,883,946	\$ 18,965,098	\$ 22,073,211	\$ 21,580,518	\$ 21,448,684	\$ 20,242,046	\$ 24,231,974	\$ 21,661,050	\$ 19,475,296	\$ 19,164,354
Net (Expense)/Revenue										
Governmental Activities	\$ (31,778,506)	\$ (31,920,262)	\$ (34,503,814)	\$ (34,406,863)	\$ (32,485,311)	\$ (31,821,606)	\$ (30,991,894)	\$ (31,151,256)	\$ (35,329,598)	\$ (34,695,310)
Business-Type Activities	11,499	45,897	70,371	91,159	66,876	(19,289)	(152,355)	(25,375)	96,568	(60,667)
Total District-Wide Net Expense	\$ (31,767,007)	\$ (31,874,365)	\$ (34,433,443)	\$ (34,315,704)	\$ (32,418,435)	\$ (31,840,895)	\$ (31,144,249)	\$ (31,176,631)	\$ (35,233,030)	\$ (34,755,977)

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes General Purposes	\$ 28,194,318	\$ 28,758,204	\$ 29,333,368	\$ 30,506,702	\$ 31,116,836	\$ 31,668,863	\$ 32,061,861	\$ 32,703,098	\$ 33,021,286	\$ 33,865,083
Property Taxes Debt Service	3,176,201	3,169,145	3,200,626	3,198,501	3,189,222	3,219,097	3,235,935	3,235,767	3,040,710	2,805,724
Federal and State Aid - Unrestricted	32,974	36,062	52,066	53,548	4,630					
State Aid - Restricted	355,049	355,823	358,420	682,729	359,607	361,647	1,694,470	363,712	326,890	3,053,005
Investment Earnings	33,892	26,454	28,951	65,308	157,333	162,954	28,663	25,337	502,312	941,093
Miscellaneous Income	152,395	198,462	453,921	265,362	253,663	162,932	224,764	256,247	298,239	556,815
Adjustments/Gain/Loss - Capital Assets	-	81,452	-	-	-	-	-	-	-	-
Total Governmental Activities	<u>31,944,829</u>	<u>32,625,602</u>	<u>33,427,352</u>	<u>34,772,150</u>	<u>35,081,291</u>	<u>35,575,493</u>	<u>37,245,693</u>	<u>36,584,161</u>	<u>37,189,437</u>	<u>41,221,720</u>
Total District-Wide	<u>\$ 31,944,829</u>	<u>\$ 32,625,602</u>	<u>\$ 33,427,352</u>	<u>\$ 34,772,150</u>	<u>\$ 35,081,291</u>	<u>\$ 35,575,493</u>	<u>\$ 37,245,693</u>	<u>\$ 36,584,161</u>	<u>\$ 37,189,437</u>	<u>\$ 41,221,720</u>
Change in Net Position										
Governmental Activities	\$ 166,323	\$ 705,340	\$ (1,076,462)	\$ 365,287	\$ 2,595,980	\$ 3,753,887	\$ 6,253,799	\$ 5,432,905	\$ 1,859,839	\$ 6,526,410
Business-Type Activities	11,499	45,897	70,371	91,159	66,876	(19,289)	(152,355)	(25,375)	96,568	(60,667)
Total District	<u>\$ 177,822</u>	<u>\$ 751,237</u>	<u>\$ (1,006,091)</u>	<u>\$ 456,446</u>	<u>\$ 2,662,856</u>	<u>\$ 3,734,598</u>	<u>\$ 6,101,444</u>	<u>\$ 5,407,530</u>	<u>\$ 1,956,407</u>	<u>\$ 6,465,743</u>

Source: District's Financial Statements

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	As of June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Restricted	\$ 3,764,249	\$ 4,548,235	\$ 4,822,104	\$ 4,440,435	\$ 5,379,311	\$ 8,119,503	\$ 8,540,473	\$ 10,391,487	\$ 12,212,363	\$ 8,510,753
Committed	509,250	523,856	330,075	38,487	1,136,567	178,778	644,267	1,121,485	349,602	-
Assigned	317,133	338,963	225,522	267,953	369,741	211,726	228,499	1,123,204	1,017,981	410,290
Unassigned	<u>683,367</u>	<u>693,427</u>	<u>727,130</u>	<u>579,704</u>	<u>524,775</u>	<u>473,135</u>	<u>1,132,193</u>	<u>1,100,042</u>	<u>538,484</u>	<u>561,780</u>
Total General Fund	<u>\$ 5,273,999</u>	<u>\$ 6,104,481</u>	<u>\$ 6,104,831</u>	<u>\$ 5,326,579</u>	<u>\$ 7,410,394</u>	<u>\$ 8,983,142</u>	<u>\$ 10,545,432</u>	<u>\$ 13,736,218</u>	<u>\$ 14,118,430</u>	<u>\$ 9,482,823</u>
All Other Governmental Funds										
Restricted	<u>\$ 6,295,252</u>	<u>\$ 4,027,082</u>	<u>\$ 441,931</u>	<u>\$ 307,107</u>	<u>\$ 264,719</u>	<u>\$ 3,516,968</u>	<u>\$ 502,171</u>	<u>\$ 4,530,252</u>	<u>\$ 347,270</u>	<u>\$ 6,981,107</u>
Total All Other Governmental Funds	<u>\$ 6,295,252</u>	<u>\$ 4,027,082</u>	<u>\$ 441,931</u>	<u>\$ 307,107</u>	<u>\$ 264,719</u>	<u>\$ 3,516,968</u>	<u>\$ 502,171</u>	<u>\$ 4,530,252</u>	<u>\$ 347,270</u>	<u>\$ 6,981,107</u>

Note 1 - Fund Balances in the General and Special Revenue Funds at June 30, 2020 are restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities".

Source: District's Financial Statements

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Property Taxes	\$ 31,370,519	\$ 31,927,349	\$ 32,533,994	\$ 33,705,203	\$ 34,306,058	\$ 34,887,960	\$ 35,297,796	\$ 35,938,865	\$ 36,061,996	\$ 36,670,807
Tuition Charges	6,886,186	6,960,271	6,796,993	7,236,479	7,822,287	8,308,872	8,539,618	8,429,714	7,685,340	7,389,809
Interest Earnings	33,892	26,454	28,951	65,308	157,333	162,954	28,663	25,337	502,312	941,093
Miscellaneous	172,175	208,446	464,660	284,670	269,820	185,988	553,659	803,551	775,497	1,059,848
State Sources	5,344,959	5,966,424	6,362,438	7,559,286	8,230,556	8,652,794	11,530,522	12,830,120	12,969,755	16,621,709
Federal Sources	487,518	510,614	454,969	414,014	462,040	437,678	788,679	965,791	953,299	837,170
Total Revenues	44,295,249	45,599,558	46,642,005	49,264,960	51,248,094	52,636,246	56,738,937	58,993,378	58,948,199	63,520,436
Expenditures										
Instruction										
Regular Instruction	17,406,096	17,253,862	17,575,515	17,622,431	18,256,641	18,741,649	19,731,797	21,467,983	21,763,828	21,589,270
Special Education Instruction	5,516,456	5,541,153	6,017,363	6,428,785	5,960,174	6,438,833	6,710,233	6,895,999	7,993,428	7,979,999
Other Instruction	100,598	31,475	28,258	24,378	39,321	61,093	65,537	78,181	234,013	234,217
School Sponsored Activities and Athletics	1,701,790	1,736,185	1,756,889	1,835,126	1,935,476	1,965,468	2,077,502	2,613,224	2,562,764	2,520,010
Support Services:										
Student and Inst. Related Services	4,687,989	4,996,430	5,610,341	6,172,893	6,648,684	6,639,667	6,966,428	7,441,174	7,821,315	7,907,501
General Administration	794,658	915,674	959,581	902,007	949,290	946,458	989,195	1,109,711	1,272,058	1,382,655
School Administrative Services	2,267,234	2,132,244	2,195,479	2,278,652	2,271,302	2,136,628	2,272,562	2,353,870	2,546,552	2,436,217
Plant Operations And Maintenance	4,366,650	4,425,394	4,358,544	4,548,315	4,364,657	4,299,025	4,627,348	4,838,354	4,815,758	4,992,067
Pupil Transportation	2,096,943	2,165,948	2,302,915	2,514,155	2,552,893	2,154,076	1,831,319	2,617,241	3,109,990	3,365,321
Central Services	1,343,413	1,321,402	1,370,588	1,285,462	1,306,315	1,325,621	1,454,455	1,399,445	1,340,518	1,570,265
Capital Outlay	4,178,623	4,328,682	4,052,355	2,086,824	783,710	2,975,851	4,206,146	4,016,315	5,365,066	3,873,221
Debt Service:										
Debt Issuance Costs							60,383	76,425		
Advance Refunding Escrow										
Principal Bonds/Notes/Leases	2,318,590	2,335,549	2,589,320	3,730,689	2,901,869	2,837,312	6,810,053	3,082,154	3,503,970	11,864,589
Interest and Other Charges	1,624,062	1,558,963	1,409,658	1,338,319	1,236,335	1,146,568	1,039,007	560,860	454,133	433,584
Total Expenditures	48,403,102	48,742,961	50,226,806	50,768,036	49,206,667	51,668,249	58,841,965	58,550,936	62,783,393	70,148,916
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(4,107,853)	(3,143,403)	(3,584,801)	(1,503,076)	2,041,427	967,997	(2,103,028)	442,442	(3,835,194)	(6,628,480)
Other Financing Sources (Uses)										
Proceeds From Lease Agreements	89,000	645,000		590,000				6,700,000		675,000
Proceeds From Serial Bonds		941,000								
Refunding Bond Proceeds		1,970,000					5,803,000	9,521,000		
Payments to Refunded Bonds Escrow		(1,931,737)					(5,742,617)	(9,444,575)		
Proceeds from Capital Note						3,857,000			34,424	7,951,710
Gain on Capital Assets		81,452								
Transfers In	22,139	11,607	61,967	1,325,709	6,623	22,679	2,576,485	284,707	245,208	7,106,828
Transfers Out	(22,139)	(11,607)	(61,967)	(1,325,709)	(6,623)	(22,679)	(2,576,485)	(284,707)	(245,208)	(7,106,828)
Total Other Financing Sources (Uses)	89,000	1,705,715	-	590,000	-	3,857,000	60,383	6,776,425	34,424	8,626,710
Net Change in Fund Balances	\$ (4,018,853)	\$ (1,437,688)	\$ (3,584,801)	\$ (913,076)	\$ 2,041,427	\$ 4,824,997	\$ (2,042,645)	\$ 7,218,867	\$ (3,800,770)	\$ 1,998,230
Debt Service as a Percentage of										
Noncapital Expenditures	8.92%	8.77%	8.66%	10.41%	8.55%	8.18%	14.37%	6.68%	6.89%	18.56%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District's Financial Statements

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Rental</u>	<u>Misc.</u>	<u>Total</u>
2015	\$ 6,886,186	\$ 11,726	\$ 115,791	\$ 36,604	\$ 7,050,307
2016	6,960,271	14,857	119,781	78,681	7,173,590
2017	6,796,993	22,404	126,474	324,747	7,270,618
2018	7,236,479	59,954	137,423	127,863	7,561,719
2019	7,822,287	151,626	134,035	119,628	8,227,576
2020	8,308,872	140,275	85,209	71,552	8,605,908
2021	8,539,618	25,349	6,018	214,842	8,785,827
2022	8,429,714	23,581	104,058	150,325	8,707,678
2023	7,685,340	388,791	128,505	134,310	8,336,946
2024	7,389,809	549,763	150,899	405,916	8,496,387

Source: District Records

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUATION AND ACTUAL VALUATION OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Valuation	Total Direct School Tax Rate ^a
<u>Long Hill Township</u>												
2015	\$ 12,534,800	\$ 1,109,792,400	\$ 4,113,800	\$ 48,300	\$ 105,033,300	\$ 16,175,000	\$ 6,268,200	\$ 1,253,965,800	\$ 3,141,460	\$ 1,257,107,261	\$ 1,772,280,568	\$ 0.576
2016	13,971,900	1,433,093,900	4,611,700	67,800	132,529,400	18,072,600	8,606,400	1,610,953,700	4,068,200	1,615,021,900	1,782,295,522	0.454
2017	14,201,100	1,446,332,700	4,649,300	72,600	135,721,400	18,666,200	9,181,900	1,628,825,200	4,065,433	1,632,890,633	1,746,318,280	0.467
2018	14,602,700	1,454,297,100	4,434,300	71,100	136,627,900	19,112,100	9,429,200	1,638,574,400	4,130,534	1,642,704,934	1,738,834,023	0.472
2019	15,056,700	1,464,477,700	4,423,600	66,300	139,496,700	19,255,200	9,591,100	1,652,367,300	4,078,046	1,656,445,346	1,755,380,885	0.457
2020	15,176,700	1,467,343,900	3,872,200	67,700	142,281,300	19,418,800	9,928,000	1,658,088,600	4,134,578	1,662,223,178	1,747,819,984	0.432
2021	16,212,100	1,471,083,500	2,531,200	65,900	142,392,900	19,845,200	9,928,000	1,662,058,800	4,078,468	1,666,137,268	1,772,549,141	0.425
2022	16,807,700	1,626,627,900	2,825,200	65,900	155,392,800	22,628,100	12,971,600	1,837,319,200	4,230,126	1,841,549,326	1,825,276,181	0.388
2023	16,041,100	1,681,164,800	4,342,900	68,700	161,500,700	23,332,400	13,543,600	1,899,994,200	4,689,105	1,904,683,305	1,948,726,067	0.384
2024	17,524,100	1,728,241,900	4,843,900	73,300	168,310,200	24,439,600	14,617,400	1,958,050,400	4,590,707	1,962,641,107	1,967,513,784	0.409
<u>Warren Township</u>												
2015	56,274,000	3,632,718,700	30,677,300	197,700	597,292,500	39,694,000		4,356,854,200	5,685,495	4,362,539,695	4,585,997,627	0.414
2016	60,040,000	3,776,295,660	30,311,300	190,700	593,589,400	40,268,100		4,500,695,160	5,615,916	4,506,311,076	4,562,392,262	0.412
2017	58,993,600	3,851,747,890	30,480,000	189,000	602,205,530	40,560,000		4,584,176,020	5,553,500	4,589,729,520	4,586,010,424	0.417
2018	61,169,000	3,891,435,990	30,811,000		608,208,900	44,399,000		4,636,023,890	5,616,235	4,641,640,125	4,620,539,585	0.421
2019	59,858,600	3,891,957,160	29,570,100	184,300	574,368,500	44,869,000		4,600,807,660	5,654,013	4,606,461,673	4,640,065,626	0.426
2020	46,034,300	3,856,539,200	30,021,100	184,900	560,121,700	45,112,500		4,538,013,700	5,757,639	4,543,771,339	4,593,256,872	0.441
2021	44,711,200	3,920,049,000	29,573,700	169,200	548,229,400	46,361,500		4,589,094,000	5,943,052	4,595,037,052	4,578,993,467	0.449
2022	65,672,200	4,100,662,500	27,155,200	145,400	596,948,000	48,029,500		4,838,612,800	5,990,700	4,844,603,500	4,766,688,564	0.431
2023	65,947,100	4,337,550,600	28,377,800	145,800	619,382,200	51,116,000		5,102,519,500	6,143,300	5,108,662,800	5,045,642,979	0.413
2024	83,142,200	4,756,292,800	30,856,700	145,400	647,967,300	55,890,800	848,500	5,575,143,700	6,252,400	5,581,396,100	5,398,448,557	0.384
<u>Borough of Watchung</u>												
2015	32,019,400	1,280,593,700	334,100	5,280	297,786,500	6,359,500	47,850,000	1,664,948,480	1,138,954	1,666,087,434	1,687,333,485	0.379
2016	31,504,200	1,334,125,900	342,600	5,280	303,605,500	6,414,300	47,850,000	1,723,847,780	1,140,757	1,724,988,537	1,721,887,944	0.366
2017	30,704,300	1,365,322,000	348,000	5,280	304,472,700	6,439,400	48,325,000	1,755,616,680	1,127,931	1,756,744,611	1,754,739,422	0.360
2018	27,590,500	1,390,517,700	357,900	5,490	310,132,800	6,509,200	61,600,000	1,796,713,590	1,170,134	1,797,883,724	1,796,733,437	0.372
2019	29,597,800	1,399,715,980	362,400	5,490	304,417,300	6,576,700	59,900,000	1,800,575,670	1,213,534	1,801,789,204	1,806,535,036	0.409
2020	27,890,400	1,413,129,200	365,400	6,000	307,515,400	6,700,200	59,900,000	1,815,506,600	1,293,654	1,816,800,254	1,831,904,726	0.434
2021	28,239,600	1,435,923,400	372,800	6,000	303,640,200	6,700,300	59,900,000	1,834,782,300	1,328,571	1,836,110,871	1,841,618,510	0.430
2022	30,615,900	1,497,640,500	387,000	6,000	310,313,800	8,276,600	62,020,000	1,909,259,800	1,338,600	1,910,598,400	1,898,045,165	0.419
2023	30,303,100	1,584,527,400	403,600	6,000	318,307,300	8,524,200	70,000,000	2,012,071,600	1,373,300	2,013,444,900	2,022,041,002	0.394
2024	31,468,200	1,696,431,800	429,000	6,000	341,389,200	9,622,000	7,700,000	2,087,046,200	1,381,500	2,088,427,700	2,135,633,247	0.367

Source: County Abstract of Ratables

^a Tax rates are per \$100

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)**

Net Direct Debt of School District as of December 31, 2023	\$ 14,807,000
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Net Overlapping Debt of School District	
Long Hill Township	\$ 7,867,718
Warren Township	35,268,404
Borough of Watchung	14,133,810
	57,269,932

Total Direct and Overlapping Bond Debt as of December 31, 2023	\$ <u>72,076,932</u>
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Sources: Municipal Annual Debt Statements, December 31, 2023

- (1) Long Hill Township - Morris County
Warren Township - Somerset County
Watchung Borough - Somerset County

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2024		2015	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
<u>Long Hill Township</u>				
Valley and Plainfield Associates	\$ 30,988,300	1.58%	\$ 21,204,400	1.69%
Stirling Center Associates	16,439,800	0.84%	8,189,100	0.65%
Stirling Manor	9,989,600	0.51%	1,800,000	0.14%
Verizon-NJ, Inc. c/o Kroll, Inc.	4,590,707	0.23%	3,141,460	0.25%
Prism Millington LLC	4,743,600	0.24%		
Transcontinental Gas Pipeline	5,332,300	0.27%	3,400,000	0.27%
Tifa Ltd.			2,999,300	0.24%
A.R. Valley Realty LLC			2,003,200	0.16%
Parthenon C/O Walgreens	4,089,100	0.21%	2,587,800	0.21%
M&M Realty Management	3,842,000	0.20%		
Elite Properties at Long Hill LLC	3,530,200	0.18%		
Millington Savings Bank	3,431,300	0.17%	2,125,200	0.17%
Jilrydan, Inc. (Realty, LLC)			2,197,400	0.17%
	\$ 86,976,907	4.43%	\$ 49,647,860	3.95%
<u>Warren Township</u>				
Warren Corp. Center (SJP)			\$ 94,960,900	2.18%
Mirabaud RE Warrant Campus LLC	\$ 68,375,000	1.23%		
Warren CC Acquisitions, LLC	45,057,600	0.81%		
184 Property Owner LLC	47,448,000	0.85%	31,023,500	0.71%
Mt. Bethel Realty Corp			63,684,200	1.46%
Somerset Assoc.	23,284,900	0.42%	75,930,000	1.74%
7 Powder Horn LLC	26,500,000	0.47%		
Normandy Real Estate Partners			14,704,400	0.34%
GC Net Lease (Warren) Investors	25,500,000	0.46%	28,043,100	0.64%
Vicendese Family LTD			17,359,900	0.40%
Warren II, Senior Living			14,400,000	0.33%
Warren 2001 c/o Thompson Reuters			16,147,000	0.37%
Warren 2001, LLC	18,500,000	0.33%		
Independence Office c/o Mack Realty	17,464,000	0.31%	14,704,400	0.34%
Brightview Warren LLC	19,478,000	0.35%		
DRP Multistate 1 LLC	22,800,000	0.41%		
	\$ 314,407,500	5.63%	\$ 370,957,400	8.50%
<u>Borough of Watchung</u>				
Watchung Square Associates	\$ 75,169,000	3.60%	\$ 65,962,000	3.96%
Crystal Ridge Owner, LLC	77,000,000	3.69%		
Levin Properties, LP	47,013,400	2.25%	52,385,000	3.14%
Watchung VF LLC			23,087,300	1.39%
Watchung UE, LLC	26,782,000	1.28%		
Sears Roebuck & Co	23,083,000	1.11%	17,230,000	1.03%
Walmart	19,006,000	0.91%	15,825,000	0.95%
Target Corp	17,610,000	0.84%	15,057,000	0.90%
HD Development of Maryland, Inc.	16,182,000	0.77%	13,398,000	0.80%
680 Mountain Boulevard, LLC	12,800,000	0.61%	11,990,000	0.72%
Weldon Materials Inc	11,951,400	0.57%	9,761,600	0.59%
Avalon II NJ Value II, LLP			47,850,000	2.87%
	\$ 326,596,800	15.64%	\$ 272,545,900	16.36%

Source: Municipal Tax Assessor

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

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	
2015	\$ 31,370,519	\$ 31,370,519	100.00%	N/A
2016	31,927,349	31,927,349	100.00%	N/A
2017	32,533,994	32,533,994	100.00%	N/A
2018	33,705,203	33,705,203	100.00%	N/A
2019	34,306,058	34,306,058	100.00%	N/A
2020	34,887,960	34,887,960	100.00%	N/A
2021	35,297,796	35,297,796	100.00%	N/A
2022	35,938,865	35,938,865	100.00%	N/A
2023	36,061,996	36,061,996	100.00%	N/A
2024	36,670,807	36,670,807	100.00%	N/A

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities			Total School District	Population *	Per Capita
	General Obligation Bonds	Capital Financing Agreements	Capital Notes			
2015	\$ 38,033,000	\$ 723,946		\$ 38,756,946	30,596	\$ 1,267
2016	36,914,000	1,198,397		38,112,397	30,482	1,250
2017	34,624,000	899,077		35,523,077	30,509	1,164
2018	31,313,000	1,069,388		32,382,388	30,402	1,065
2019	28,838,000	642,519		29,480,519	30,324	972
2020	26,268,000	375,207	\$ 3,857,000	30,500,207	30,120	1,013
2021	23,731,000	122,154		23,853,154	30,024	794
2022	20,987,000	6,700,000		27,687,000	30,875	897
2023	17,922,000	6,261,030	7,951,710	32,134,740	30,903	1,040
2024	14,807,000	6,138,151		20,945,151	31,202	671

Source: District records

* Total Population of Long Hill, Warren and Watchung

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2015	\$ 38,033,000		\$ 38,033,000	0.52%	\$ 1,243
2016	36,914,000		36,914,000	0.47%	1,211
2017	34,624,000		34,624,000	0.43%	1,135
2018	31,313,000		31,313,000	0.39%	1,030
2019	28,838,000		28,838,000	0.36%	951
2020	26,268,000		26,268,000	0.33%	872
2021	23,731,000		23,731,000	0.29%	790
2022	20,987,000		20,987,000	0.24%	680
2023	17,922,000		17,922,000	0.20%	580
2024	14,807,000		14,807,000	0.15%	475

Source: District records

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)

<u>Calendar Year</u>	<u>Total</u>	<u>Regional High School District</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
<u>Long Hill Township</u>					
2015	\$ 2.932	\$ 0.576	\$ 1.217	\$ 0.806	\$ 0.333
2016	2.348	0.454	0.966	0.646	0.282
2017	2.360	0.467	0.974	0.637	0.278
2018	2.376	0.472	0.986	0.640	0.278
2019	2.392	0.457	1.014	0.642	0.279
2020	2.423	0.432	1.066	0.651	0.274
2021	2.464	0.425	1.102	0.660	0.277
2022	2.267	0.388	1.014	0.609	0.256
2023	2.245	0.384	0.997	0.602	0.262
2024	2.242	0.409	0.980	0.596	0.257
<u>Warren Township</u>					
2015	2.048	0.414	0.902	0.328	0.404
2016	2.009	0.412	0.875	0.318	0.404
2017	1.990	0.417	0.859	0.311	0.401
2018	1.987	0.421	0.859	0.313	0.394
2019	2.038	0.426	0.883	0.326	0.403
2020	2.070	0.441	0.907	0.323	0.399
2021	2.076	0.449	0.900	0.333	0.394
2022	1.988	0.431	0.863	0.316	0.378
2023	1.938	0.413	0.849	0.308	0.368
2024	1.838	0.384	0.814	0.294	0.346
<u>Borough of Watchung</u>					
2015	2.118	0.379	0.749	0.588	0.402
2016	2.091	0.366	0.732	0.594	0.399
2017	1.980	0.360	0.613	0.606	0.400
2018	1.991	0.372	0.612	0.610	0.397
2019	2.075	0.409	0.637	0.625	0.404
2020	2.128	0.434	0.657	0.643	0.394
2021	2.146	0.430	0.663	0.656	0.397
2022	2.101	0.419	0.651	0.650	0.381
2023	2.041	0.394	0.643	0.631	0.373
2024	1.998	0.367	0.657	0.619	0.355

Source: Tax Collector

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(Unaudited)

	June 30,									
	<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>2024</u>
Debt Limit	\$ 228,560,650	\$ 234,248,897	\$ 239,247,971	\$ 241,440,371	\$ 242,966,664	\$ 244,001,278	\$ 244,177,794	\$ 245,178,046	\$ 252,226,796	\$ 263,706,059
Total Net Debt Applicable to Limit	<u>38,033,000</u>	<u>36,914,000</u>	<u>34,624,000</u>	<u>31,313,000</u>	<u>28,838,000</u>	<u>30,125,000</u>	<u>23,731,000</u>	<u>20,987,000</u>	<u>25,873,710</u>	<u>14,807,000</u>
Legal Debt Margin	<u>\$ 190,527,650</u>	<u>\$ 197,334,897</u>	<u>\$ 204,623,971</u>	<u>\$ 210,127,371</u>	<u>\$ 214,128,664</u>	<u>\$ 213,876,278</u>	<u>\$ 220,446,794</u>	<u>\$ 224,191,046</u>	<u>\$ 226,353,086</u>	<u>\$ 248,899,059</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.64%	15.76%	14.47%	12.97%	11.87%	12.35%	9.72%	8.56%	10.26%	5.61%

Legal Debt Margin Calculation, December 31, 2023

	2021	\$ 8,288,300,229
	2022	8,843,614,897
	2023	<u>9,238,690,737</u>
		<u>\$ 26,370,605,863</u>
Average Equalized Valuation of Taxable Property	\$	8,790,201,954
3% of Equalized Valuation Basis	\$	263,706,059
Less: Net Debt		<u>14,807,000</u>
Remaining Borrowing Power	\$	<u>248,899,059</u>

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (2)</u>	<u>Population (1)</u>
<u>Long Hill Township</u>			
2014	4.4%	\$ 84,287	8,725
2015	3.9%	88,298	8,703
2016	3.6%	91,252	8,666
2017	3.6%	93,544	8,616
2018	3.1%	97,244	8,541
2019	2.6%	99,140	8,424
2020	6.9%	102,227	8,382
2021	4.2%	107,767	8,607
2022	2.7%	111,597	8,621
2023	3.2%	N/A	8,613
<u>Warren Township</u>			
2014	4.5%	83,386	15,813
2015	3.9%	88,399	15,745
2016	3.6%	92,352	15,805
2017	3.3%	99,210	15,736
2018	2.9%	104,620	15,723
2019	2.6%	110,466	15,673
2020	6.9%	112,825	15,635
2021	4.4%	113,975	15,782
2022	2.8%	110,753	15,854
2023	3.4%	N/A	16,155
<u>Borough of Watchung</u>			
2014	4.5%	83,386	6,058
2015	4.2%	88,399	6,034
2016	4.0%	92,352	6,038
2017	3.4%	99,210	6,050
2018	3.1%	104,620	6,060
2019	2.8%	110,466	6,023
2020	8.1%	112,825	6,007
2021	5.3%	113,975	6,486
2022	3.1%	110,753	6,428
2023	3.3%	N/A	6,434

Sources:

(1) US Census Reports

(2) State of New Jersey

N/A - Not Available

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

<u>Employer</u>	<u>2024</u>		<u>2015</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

Long Hill Township

Information Not Available

Warren Township

Information Not Available

Borough of Watchung

Information Not Available

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

<u>Function/Program</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>2024</u>
Instruction										
Regular	148	144	142	139	134	131	130	125	125	124
Special Education	42	45	42	43	42	41	41	40	40	37
Support Services:										
Student and Instruction Related Services	33	33	33	33	33	33	33	33	33	33
General Administration	10	10	10	10	9	9	9	9	9	9
School Administrative Services	14	13	12	12	12	12	12	12	11	11
Other Administrative Services	6	5	6	6	6	6	6	6	6	6
Central Services	6	6	6	6	6	6	6	5	6	6
Administrative Information Technology	5	6	7	6	6	6	6	6	6	6
Plant Operations And Maintenance	15	14	15	15	14	14	14	14	14	13
Pupil Transportation	4	4	4	4	4	4	3	3	3	3
Total	<u>283</u>	<u>280</u>	<u>277</u>	<u>274</u>	<u>266</u>	<u>262</u>	<u>260</u>	<u>253</u>	<u>253</u>	<u>248</u>

Source: District Personnel Records

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year</u>	<u>Enrollment ^a</u>	<u>Operating Expenditures ^b</u>	<u>Cost Per Pupil ^c</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil Teacher Ratio High School</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2015	2,197	\$ 40,281,827	\$ 18,335	5.78%	190	1:12	2,197	2,103	2.86%	95.72%
2016	2,137	40,519,767	18,961	3.41%	189	1:11	2,137	2,057	-2.73%	96.26%
2017	2,064	42,175,473	20,434	7.77%	189	1:11	2,064	1,977	-3.42%	95.78%
2018	2,014	43,612,204	21,655	5.97%	181	1:11	2,014	1,918	-2.42%	95.23%
2019	1,965	44,284,753	22,537	4.07%	176	1:11	1,965	1,879	-2.43%	95.62%
2020	1,935	44,708,518	23,105	2.52%	176	1:11	1,935	1,873	-1.53%	96.80%
2021	1,900	46,726,376	24,593	6.44%	176	1:11	1,900	1,848	-1.81%	97.26%
2022	1,805	d 50,815,182	28,152	14.47%	165	1:11	1,804	1,689	-5.05%	93.63%
2023	1,723	d 53,460,224	31,027	10.21%	165	1:10	1,723	1,639	-4.49%	95.12%
2024	1,674	d 53,977,522	32,245	3.92%	161	1:11	1,674	1,592	-2.84%	95.10%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.
 - d Enrollment includes resident Charter School and Sent students.

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	<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>2024</u>
<u>District Building</u>										
<u>High School</u>										
Square Feet	391,915	391,915	391,915	391,915	391,915	391,915	391,915	391,915	391,915	391,915
Capacity (students)	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506
Enrollment	2,197	2,137	2,064	2,014	1,965	1,935	1,900	1,804	1,723	1,674
<u>Garage</u>										
Square Feet	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
<u>Field House</u>										
Square Feet	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000

Source: District Records

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Amount</u>
2015	\$ 1,594,056
2016	1,567,514
2017	1,438,033
2018	1,356,436
2019	1,312,016
2020	1,383,664
2021	1,417,947
2022	1,446,344
2023	1,393,369
2024	1,459,898

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF INSURANCE
JUNE 30, 2024
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - SAIF		
Property, Inland Marine	\$ 500,000,000	\$ 2,500
Boiler & Machinery	100,000,000	2,500
Flood	10,000,000	2,500
Environmental Impairment Liability	1,000,000	10,000
Critical Incident Management	25,000	
Automobile	5,000,000	
Collision		1,000
Comprehensive		1,000
Employee Benefits Liability	5,000,000	1,000
School Leader's Professional Liability	5,000,000	5,000
Employee Dishonesty	500,000	2,500
Money & Securities	2,500,000	1,000
Sexual Abuse and Molestation	10,000,000	5,000
Worker's Compensation	5,000,000	
Commercial Umbrella Excess - (G/L, Auto, W/C)	5,000,000	
Commercial Umbrella Excess - NJUEP	30,000,000	
Commercial Umbrella Excess - CAP	25,000,000	
Public Employees' Faithful Performance Blanket		
Position Bond - Selective Insurance Co.		
School Business Administrator	100,000	
Treasurer of School Monies	325,000	

Source: School Insurance Records

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, 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

Honorable President and Members
of the Board of Trustees
Watchung Hills Regional High School District
108 Stirling Road
Warren, New Jersey 07059

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the Watchung Hills Regional High School District as of and for the fiscal year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Watchung Hills Regional High School District's basic financial statements and have issued our report thereon dated December 18, 2024.

Report on Internal Control Over Financial Reporting

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

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

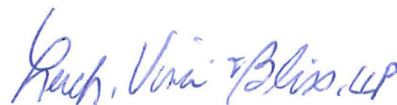
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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



LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 18, 2024



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Watchung Hills Regional High School District
108 Stirling Road
Warren, New Jersey 07059

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Watchung Hills Regional High School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Watchung Hills Regional High School District's major federal and state programs for the fiscal year ended June 30, 2024. The Watchung Hills Regional High School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Watchung Hills Regional High School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2024.

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; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular 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 Watchung Hills Regional High School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Watchung Hills Regional High School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the Watchung Hills Regional High School 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 Watchung Hills Regional High School 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, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. 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 omission, misrepresentation, 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 Watchung Hills Regional High School 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, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement 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 Watchung Hills Regional High School 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 Watchung Hills Regional High School 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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Watchung Hills Regional High School 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 or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

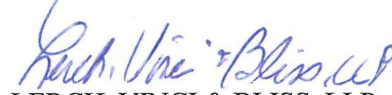
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Watchung Hills Regional High School District, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated December 18, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 18, 2024

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Federal FAIN Number	Grant Period	Award Amount	Balance, July 1, 2023	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year Balances	Balance at June 30, 2024			Memo: GAAP Receivable	
											(Accounts Receivable)	Unearned Revenue	Due to Grantor		
U.S. Department of Education															
Passed-Through State Department of Education															
Special Revenue Fund															
Title I	84.010A	S010A220030	7/1/22-9/30/23	\$ 37,262	\$ (16,124)		\$ 16,124							*	-
Title I	84.010A	S010A230030	7/1/23-9/30/24	40,023			40,023	\$ 40,023						*	-
Title IIA	84.367A	S367A210027	7/1/21-9/30/22	20,336	2,219					\$ 2,219				*	-
Title IIA	84.367A	S367A220027	7/1/22-9/30/23	22,277	(17,915)	\$ (12,883)	11,613		\$ 19,185					*	-
Title IIA	84.367A	S367A230029	7/1/23-9/30/24	20,640		12,883	16,125	22,114	(12,883)		\$ (17,398)	\$ 11,409		*	\$ (5,989)
Title IV	84.424	S424A210031	7/1/21-9/30/22	10,000	4,900					4,900				*	-
Title IV	84.424	S424A2p20031	7/1/22-9/30/23	10,000		(4,245)	4,020		\$ 225		-		-	*	-
Title IV	84.424	S424A230031	7/1/23-9/30/24	10,000	-	4,245	4,020	14,245	(4,245)	-	(10,225)	-	-	*	(10,225)
Total ESEA Programs					(26,920)	-	91,925	76,382	2,282	7,119	(27,623)	11,409	-	*	(16,214)
I.D.E.A. Part B, Basic	84.027A	H027A220100	7/1/22-9/30/23	380,541	(66,797)	(5,300)	72,097							*	-
I.D.E.A. Part B, Basic	84.027A	H027A230100	7/1/23-9/30/24	421,522		5,300	328,201	418,035	(5,300)		(98,621)	8,787		*	(89,834)
ARP I.D.E.A. - Basic	84.027X	H027X210100	7/1/21-9/30/22	93,131	(4,139)	-	4,139	-	-	-	-	-	-	*	-
Total Special Education Cluster (IDEA)					(70,936)	-	404,437	418,035	(5,300)	-	(98,621)	8,787	-	*	(89,834)
COVID ARP State and Local Fiscal Recovery Fund															
Additional or Compensatory Special Education and Related Services	21.027	SLFRFDOE1SES	7/1/22-6/30/23	314,022	(177,252)		177,252				-		-	*	-
Additional or Compensatory Special Education and Related Services	21.027	SLFRFDOE1SES	7/1/23-6/30/24	138,973	-	-	58,022	138,973	-	-	(80,951)	-	-	*	(80,951)
Total ACSERS Programs					(177,252)	-	235,274	138,973	-	-	(80,951)	-	-	*	(80,951)
CRRSA - ESSER II	84.425D	S425D200027	3/13/20-9/30/23	148,082	(3,830)		3,830				-			*	-
ARP ESSER	84.425U	S425U200027	3/13/20-9/30/24	332,804	1		118,061	121,464			(3,680)	278	\$ -	*	(3,402)
ARP ESSER - Accelerated Learning Coach and Educator Support	84.425U	S425U200027	3/13/20-9/30/24	109,343	(741)		48,167	55,221			(53,047)	45,252	-	*	(7,795)
ARP ESSER - Evidence-Based Summer Learning and Enrichment	84.425U	S425U200027	3/13/20-9/30/24	40,000	697		3,362	3,362			(1,833)	2,530		*	-
ARP ESSER - Evidence-Based Comprehensive Beyond the School Day	84.425U	S425U200027	3/13/20-9/30/24	40,000	-	-	22,083	28,740	-	-	(6,657)	-	-	*	(6,657)
Total Elementary and Secondary School Emergency Relief Fund Cluster (ESSER)					(3,873)	-	195,503	208,787	-	-	(65,217)	48,060	-	*	(17,854)
Total U.S. Department of Education					(278,981)	-	927,139	842,177	(3,018)	7,119	(272,412)	68,256	-	*	(204,853)
Total Federal Financial Awards					\$ (278,981)	\$ -	\$ 927,139	\$ 842,177	\$ (3,018)	\$ 7,119	\$ (272,412)	\$ 68,256	\$ -	*	\$ (204,853)

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Received	Balance, July 1, 2023				Balance, June 30, 2024				MEMO	
				Unearned Revenue / (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
General Fund													
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 1,502,805	\$ (141,421)		\$ 141,421						*	-
Special Education Aid	24-495-034-5120-089	7/1/23-6/30/24	1,512,388			1,370,338	\$ 1,512,388		\$ (142,050)			*	\$ 1,512,388
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	125,373	(11,798)		11,798						*	-
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	126,458	-	-	114,581	126,458	-	(11,877)	-	-	*	126,458
Total State Aid Public				(153,219)	-	1,638,138	1,638,846	-	(153,927)	-	-	*	1,638,846
T.P.A.F. Pension	24-495-034-5094-002	7/1/23-6/30/24	6,575,920			6,575,920	6,575,920					*	6,575,920
T.P.A.F. Pension - NCGI	24-495-034-5094-004	7/1/23-6/30/24	74,995			74,995	74,995					*	74,995
T.P.A.F. Pension - LTDI	24-495-034-5094-004	7/1/23-6/30/24	1,701			1,701	1,701					*	1,701
Post-Retirement Medical Contributions	24-495-034-5094-001	7/1/23-6/30/24	1,810,136	-	-	1,810,136	1,810,136	-	-	-	-	*	1,810,136
Total TPAF On-Behalf Pension Contributions				-	-	8,462,752	8,462,752	-	-	-	-	*	8,462,752
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	623,622	(58,686)		58,686						*	-
Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	801,052			725,814	801,052		(75,238)			*	801,052
Nonpublic Transportation Reimb.	23-495-034-5120-014	7/1/22-6/30/23	66,281	(66,281)		66,281						*	-
Nonpublic Transportation Reimb.	24-495-034-5120-014	7/1/23-6/30/24	85,540				85,540		(85,540)			\$	(85,540)
Extraordinary Aid	23-100-034-5120-473	7/1/22-6/30/23	994,735	(994,735)		994,735						*	-
Extraordinary Aid	24-495-034-5120-044	7/1/23-6/30/24	729,282				729,282		(729,282)			*	729,282
Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	1,243,949	(60,097)		60,097						*	-
Social Security Contributions	24-495-034-5094-003	7/1/23-6/30/24	1,339,517	-	-	1,276,214	1,339,517	-	(63,303)	-	-	*	1,339,517
Total General Fund				(1,333,018)	-	13,282,717	13,056,989	-	(1,107,290)	-	-	*	(148,843)
Special Revenue Fund													
Nonpublic Aid												*	-
Textbook Aid	23-100-034-5120-064	7/1/22-6/30/23	17,952		\$ 297			\$ 297				*	-
Textbook Aid	24-100-034-5120-064	7/1/23-6/30/24	15,782			\$ 15,782	10,045			\$ 5,737		*	10,045
Technology Aid	23-100-034-5120-373	7/1/22-6/30/23	11,424		60			60				*	-
Technology Aid	24-100-034-5120-373	7/1/23-6/30/24	13,377			13,377	13,288			89		*	13,288
Nursing Services	23-100-034-5120-070	7/1/22-6/30/23	30,464									*	-
Nursing Services	24-100-034-5120-070	7/1/23-6/30/24	32,760			32,760	30,456				2,304	*	30,456
Security	23-100-034-5120-509	7/1/22-6/30/23	55,760		2,845			2,845				*	-
Security	24-100-034-5120-509	7/1/23-6/30/24	55,965			55,965	53,334				2,631	*	53,334
Chapter 192 (Auxiliary Services)												*	-
Compensatory Education	24-100-034-5120-067	7/1/22-6/30/23	1,977		1,977			1,977				*	-
Home Instruction	23-100-034-5120-067	7/1/22-6/30/23	2,829	(2,829)		2,829						*	-
Home Instruction	24-100-034-5120-067	7/1/23-6/30/24	737				737		\$ (737)			*	(737)
Chapter 193 (Handicapped Services)												*	-
Examination and Classification	23-100-034-5120-066	7/1/22-6/30/23	27,113		6,065			6,065				*	-
Examination and Classification	24-100-034-5120-066	7/1/23-6/30/24	29,393			29,393	21,048				8,345	*	21,048
Supplemental Instruction	23-100-034-5120-066	7/1/22-6/30/23	2,478		2,478			2,478				*	-
New Jersey Schools Development Authority												*	-
SDA Emergent and Capital Maintenance Needs	NA	7/1/23-6/30/24	47,294	-	-	-	-	-	(47,294)	\$ 47,294	-	*	-
State Department of Education												*	-
Climate Awareness Education Grant	23E00217	7/1/22-6/30/23	6,660	(6,660)	-	6,660	-	-	-	-	-	*	-
Total Special Revenue Fund				(9,489)	13,722	156,766	128,908	13,722	(48,031)	47,294	19,106	*	(737)

WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Received	Balance, July 1, 2023		Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance, June 30, 2024			MEMO	
				Unearned Revenue / (Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Debt Service Fund													
Debt Service Aid	24-495-034-5120-075	7/1/23-6/30/24	\$ 3,137,634	-	-	\$ 3,137,634	\$ 3,137,634	-	-	-	-	*	\$ 3,137,634
Total Debt Service Aid				-	-	3,137,634	3,137,634	-	-	-	-	*	3,137,634
Total State Financial Assistance Subject to Single Audit Determination				\$ (1,342,507)	\$ 13,722	\$ 16,577,117	\$ 16,323,531	\$ 13,722	\$ (1,155,321)	\$ 47,294	\$ 19,106	*	\$ (149,580) \$ 16,323,531
Less On-Behalf TPAF Pension													
T.P.A.F. Pension	24-495-034-5094-002	7/1/23-6/30/24				6,575,920	6,575,920						
T.P.A.F. Pension - NCGI	24-495-034-5094-004	7/1/23-6/30/24				74,995	74,995						
T.P.A.F. Pension - LTDI	24-495-034-5094-004	7/1/23-6/30/24				1,701	1,701						
Post-Retirement Pension Contributions	24-495-034-5094-001	7/1/23-6/30/24				1,810,136	1,810,136						
						8,462,752	8,462,752						
Total State Financial Assistance Subject to Major Program Determination						\$ 8,114,365	\$ 7,860,779						

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 REPORTING ENTITY

The Watchung Hills Regional High School District (the “Board” or the “District”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Board is the reporting entity for these programs. The Board is defined in Note 1 (A) to the Board’s Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the Board. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in the Notes to the Budgetary Comparison Schedules (RSI) and Note 1(D) to the Board’s financial statements, respectively. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements. The Board’s summary of significant accounting policies are described in Note 1 to the Board’s financial statements.

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

The 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments 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, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$248,193 for the general fund and an increase of \$44,876 for the special revenue fund. See the Notes to Required Supplementary Information 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 financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 141	\$ 13,305,182	\$ 13,305,323
Special Revenue Fund	837,029	178,893	1,015,922
Debt Service Fund	-	3,137,634	3,137,634
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 837,170</u>	<u>\$ 16,621,709</u>	<u>\$ 17,458,879</u>

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 6 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,339,517 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2024. The amount reported as TPAF Pension System Contributions in the amount of \$6,650,915, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,810,136 and TPAF Long-Term Disability Insurance in the amount of \$1,701 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2024.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 8 DE MINIMIS INDIRECT COST RATE

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

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness identified?	<u> </u> yes	<u> X </u> no
2) Significant deficiency identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to basic financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards Section

Internal control over compliance:		
1) Material weakness identified?	<u> </u> yes	<u> X </u> no
2) Significant deficiencies identified?	<u> </u> yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516 (a) of Uniform Guidance?	<u> </u> yes	<u> X </u> no

Identification of major federal programs:

AL Number(s):

84.425U

Name of Federal Program or Cluster:

American Rescue Plan - Elementary and Secondary
Schools - Emergency Relief Fund
(ARP ESSER III Cluster)

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes no

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Part I – Summary of Auditor's Results

State Awards 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 compliance:

1) Material weakness identified?

 yes X no

2) Significant deficiency identified that were
not considered to be material weaknesses?

 yes X none reported

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

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with N.J. OMB Circular Letter 15-08

 yes X no

Identification of major programs:

State Grant/Project Number:

24-495-034-5120-075

24-495-034-5120-014

24-495-034-5120-044

Name of State Program:

Debt Service Aid

Transportation Aid /
Nonpublic Transportation Reimbursement

Extraordinary Aid

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes no

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none

**WATCHUNG HILLS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB Circular Letter 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.