

**LOPATCONG TOWNSHIP
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2020

**Responsibility of the Management of
Lopatcong Township School District
Warren County, New Jersey**



Certified Public Accountants, PC

**LOPATCONG TOWNSHIP
SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

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Board of Education of Lopatcong Township
321 Stonehenge Drive
Phillipsburg, New Jersey 08865
Telephone (908) 213-2995
Fax (908) 213-3675

Atila Sabahoglu
School Business Administrator

Board Meets Second Tuesday
of Each Month

January 8, 2021

Honorable President and Members of the Board of Education
Lopatcong Township School District
321 Stonehenge Drive
Phillipsburg, NJ 08865

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Lopatcong Township School District for the fiscal year ending June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present, fairly, the financial position and results of the operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual report is presented in four sections, Introduction, Financial, Statistical and Single audit. The Introduction Section also includes the Letter of Transmittal, the District's Organizational Chart, Roster of Officials, and Consultants and Advisors. The Financial Section includes the Basic Financial Statements and schedules, as well as the auditor's report, therein. The Statistical Section includes financial and demographical information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to the single audit, including the auditor's reports on internal control structure and compliance with applicable law and regulations and findings are included in the Single Audit Section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Lopatcong Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as stated by Statement No. 14. All funds and account groups of the District are included in this report.

The District provides a full range of educational services appropriate to grade levels preschool to twelve as well as special education. The District completed the 2019-2020 fiscal year with an average daily enrollment of 732.0 students, which is a .08% decrease from the previous year's enrollment. The following details the change in the student enrollment of the over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2010-2011	917.5	(1.80%)
2011-2012	885.9	(3.40%)
2012-2013	872.8	(1.50%)
2013-2014	861.0	(1.30%)
2014-2015	828.8	(3.80%)
2015-2016	846.0	2.03%
2016-2017	802.3	(5.17%)
2017-2018	760.8	(5.17%)
2018-2019	732.6	(3.71%)
2019-2020	732.0	(0.08%)

2. **ECONOMIC CONDITION AND OUTLOOK:** The Lopatcong Township School District recognizes the ever-changing environment in the financing of education in the State of New Jersey. The School Funding Reform Act of 2008, reduction of State Aid and the potential for failed budgets, do present a challenge now and for future years. The Lopatcong Township Board of Education, along with the staff, believes it will continue to provide a comprehensive education for all of its children. Exceptional instructional programs continue to be offered and reviewed on a regular basis for improvement. Students in grades three through eight scored comparably with the District factor group and State averages on the New Jersey State Assessment program in Language Arts and Mathematics.
3. **MAJOR INITIATIVES:** The main initiative for the 2018-2019 school year was to acquire additional technology to support the 21st Century Life and Careers Standards as well as to supplement technological activities in all classes. The addition of technology was directly aligned to the District initiative of a Reader’s Workshop and Math Workshop Model in all grades. In addition, technology was infused through the use of Discovery Education Tech Book for Science and Social Studies in grades three through eight. Utilizing funds to procure Google Chromebooks, teachers were better equipped to provide intervention and extension activities for all students with a 1:1 initiative in grades two through eight.

The District continued to address student achievement through developing, improving and aligning assessments to the curriculum while meeting the NJ Student Learning Standards. Through the use of grant funding, literacy and math consultants worked with teachers to help improve instruction and data analysis to improve planning.

In addition, principals continued to meet with the teachers to analyze district benchmark and standardized assessments to identify Basic Skills instruction and for differentiation. District and building achievement goals were established and reviewed each marking period.

The Lopatcong School District continues to partner with the local PTA and Athletic Associations to increase opportunities for children and families to participate in a wide variety of after-school activities and sporting events.

4. **INTERNAL 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 is compiled to allow for the preparation of financial statements in the conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance 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 the costs and benefits requires estimates and judgements by management.

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

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

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue funds, and the debt service fund.

An encumbrance accounting system is used to record outstanding purchase commitments on a line by line basis.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in Notes to the Financial Statements, Note 1.

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

8. **DEBT ADMINISTRATION:** As of June 30, 2020, the District's outstanding debt issue was \$10,870,000 for the construction of the Middle School.

9. **CASH MANAGEMENT:** The investment policy of the District is guided in a large part by the State as detailed in the Notes to the Financial Statements, Note 3. The District has adopted a cash management plan requiring it to deposit public funds in public depositories protected from loss under provisions of the Government Unit Deposit Protection Act (GUDPA). GUDPA was enacted 1970 to protect government units from a loss of funds in deposits with failed banking institutions in New Jersey. The law requires government units to deposit public funds only in public depositories located in New Jersey, where funds are secured in accordance with the Act.

10. **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.
11. **OTHER INFORMATION:**
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The District selected the accounting firm of BKC, CPAs, PC. In addition to meeting the requirements set forth in the statute, the audit was also designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. The auditor's report on the general-purpose financial statements and schedules are included in the Financial Section of the report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
12. **ACKNOWLEDGMENTS:** We would like to express our sincere appreciation to the members of the Lopatcong Township Board of Education for their dedication to providing fiscal accountability to the citizens and taxpayers of the District and 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 the District's Staff.

Respectfully Submitted,

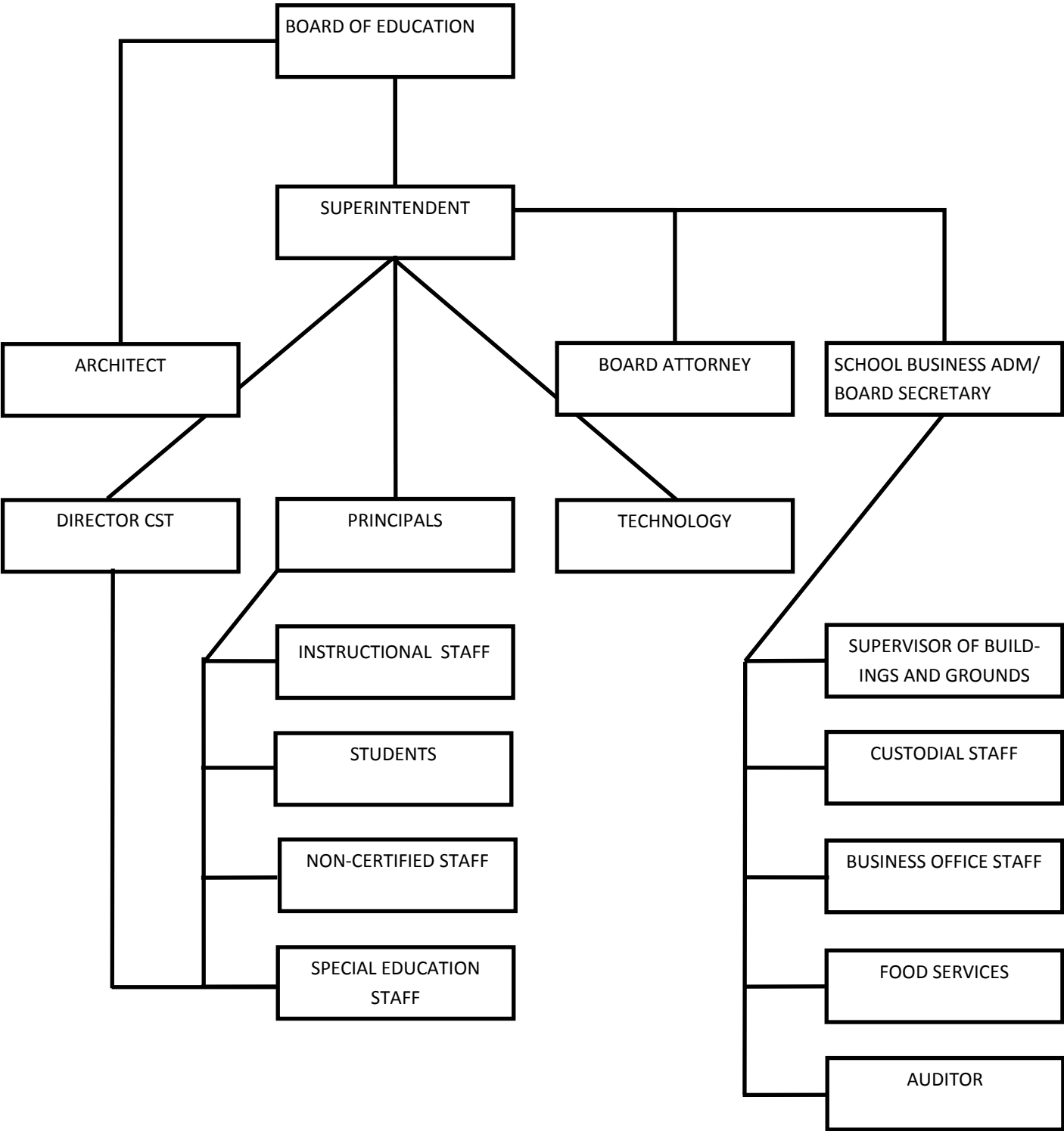


Atilla Sabahoglu
School Business Administrator/Board Secretary



Dr. Debra Mercora
Superintendent

Lopatcong Township School District
Organizational Chart



LOPATCONG TOWNSHIP SCHOOL DISTRICT
321 Stonehenge Drive
Phillipsburg, NJ 08865
Roster of Officials
June 30, 2020

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Robert McFarlane	President	2020
Stephen Ruane	Vice President	2021
Ernie Gallant		2020
Kenney Lutz		2020
Tia Steinhardt		2021
Pamela Thomas		2021
Matthew Herzer		2022
Barbara Lance		2022
Sandra Moore		2022

<u>Other Officials</u>	<u>Title</u>
Dr. Debra Mercora	Superintendent of Schools
Atilla Sabahoglu	Board Secretary/School Business Administrator
Cindy Hanics	School Treasurer

LOPATCONG TOWNSHIP SCHOOL DISTRICT
321 Stonehenge Drive
Phillipsburg, NJ 08865
Consultants and Advisors
June 30, 2020

AUDIT FIRM

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

ATTORNEY

John Comegno
521 Pleasant Valley Avenue
Moorestown, NJ 08057

ARCHITECT

Gianforcaro Architects, Engineers & Planners
555 East Main Street
Chester, New Jersey 07930

OFFICIAL DEPOSITORY

Investors Savings Bank



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

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Lopatcong Township School District
County of Warren, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lopatcong Township School District (the District) in the County of Warren, as of and for the year ended June 30, 2020, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lopatcong Township School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, 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.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

January 8, 2021
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The discussion and analysis of Lopatcong Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- In total, net position increased \$1,785,980 which represents a 37.07% increase from fiscal year 2019.
- General revenues accounted for \$22,086,081 in revenue or 97.37% of total revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$597,271 or 2.63% of total revenues of \$22,683,352.
- The School District had \$20,897,372 in expenses; only \$597,271 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$22,086,081 were adequate to provide for these programs.
- Among major funds, the general fund had \$19,188,077 in revenues, \$17,720,103 in expenditures. The general fund's balance increased \$1,467,974 from 2019.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2020 compared to June 30, 2019.

Table 1
Net Position

	06/30/2020	06/30/2019	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$ 6,077,531	\$ 4,606,804	\$ 1,470,727	31.93%
Capital assets	14,697,327	15,085,006	(387,679)	-2.57%
Total assets	<u>20,774,858</u>	<u>19,691,810</u>	<u>1,083,048</u>	5.50%
Deferred pension activity				
Total deferred outflow of resources	<u>601,000</u>	<u>781,663</u>	<u>(180,663)</u>	-23.11%
Liabilities				
Long-term liabilities	13,288,852	14,040,703	(751,851)	-5.35%
Other liabilities	253,644	270,905	(17,261)	-6.37%
Total liabilities	<u>13,542,496</u>	<u>14,311,608</u>	<u>(769,112)</u>	-5.37%
Deferred pension activity				
Total deferred inflow of resources	<u>1,229,489</u>	<u>1,343,972</u>	<u>(114,483)</u>	-8.52%
Net position				
Net investment in capital assets	4,492,327	4,215,006	277,321	6.58%
Restricted	5,776,319	4,329,090	1,447,229	33.43%
Unrestricted	<u>(3,664,773)</u>	<u>(3,726,203)</u>	<u>61,430</u>	1.65%
Total net position	<u>\$ 6,603,873</u>	<u>\$ 4,817,893</u>	<u>\$ 1,785,980</u>	37.07%

Total assets increased \$1,083,048. Cash and cash equivalents increased by \$1,496,569, receivables and other assets decreased by \$25,842, and capital assets decreased by \$387,679. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District, increased by \$61,430.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The negative balance in unrestricted net position is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 shows the changes in net position for fiscal year ended June 30, 2020 compared to June 30, 2019.

Table 2
Changes in Net Position

	06/30/2020	06/30/2019	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Changes for services	\$ 198,640	\$ 268,885	\$ (70,245)	-26.12%
Operating grants	398,631	351,813	46,818	13.31%
General revenues				
Property taxes	14,658,233	14,390,122	268,111	1.86%
Unrestricted grants	7,360,730	8,134,611	(773,881)	-9.51%
Other	67,118	85,950	(18,832)	-21.91%
Total revenues	<u>22,683,352</u>	<u>23,231,381</u>	<u>(548,029)</u>	-2.36%
Program expenses				
Instruction				
Regular	6,469,867	6,837,563	(367,696)	-5.38%
Special	2,340,805	2,598,823	(258,018)	-9.93%
Other Special	328,135	326,038	2,097	0.64%
Other	20,957	26,154	(5,197)	-19.87%
Support services				
Tuition	6,588,236	6,035,293	552,943	9.16%
Student & instructional related services	1,460,801	1,445,757	15,044	1.04%
General & business administration	750,427	833,836	(83,409)	-10.00%
School administration	492,891	614,910	(122,019)	-19.84%
Plant operations & maintenance	1,256,894	1,245,926	10,968	0.88%
Transportation	588,642	571,204	17,438	3.05%
Food service	180,707	264,953	(84,246)	-31.80%
Childcare program	31,671	47,063	(15,392)	-32.71%
Interest on long term debt	387,339	420,396	(33,057)	-7.86%
Total expenses	<u>20,897,372</u>	<u>21,267,916</u>	<u>(370,544)</u>	-1.74%
Increase (decrease) in net position	<u>\$ 1,785,980</u>	<u>\$ 1,963,465</u>	<u>\$ (177,485)</u>	-9.04%

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 64.62% of revenues for governmental activities for the Lopatcong Township School District for fiscal year 2020.

Instruction comprises 43.83% of the District's expenses. Support service expenses and interest on debt make up 56.17% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 show the total cost of services and the net cost of services for 2020 and 2019. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2020 compared to June 30, 2019.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Instruction	\$ 9,159,764	\$ 9,788,578	\$ 8,965,076	\$ 9,649,529
Support services				
Tuition	6,588,236	6,035,293	6,451,199	5,891,544
Student & instructional staff	1,460,801	1,445,757	1,408,285	1,400,771
General & business				
administration	750,427	833,836	750,427	833,836
School administration	492,891	614,910	492,891	614,910
Plant operations &				
maintenance	1,256,894	1,245,926	1,256,894	1,243,155
Pupil transportation	588,642	571,204	588,642	571,204
Food services	180,707	264,953	5,378	20,726
Childcare program	31,671	47,063	(6,030)	1,147
Interest on long-term debt	387,339	420,396	387,339	420,396
Total expenses	<u>\$ 20,897,372</u>	<u>\$ 21,267,916</u>	<u>\$ 20,300,101</u>	<u>\$ 20,647,218</u>

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

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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

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

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

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

The dependence upon tax revenues is apparent. For all activities general revenue support is 97.37%. The community, as a whole, is the primary support or funding source for the Lopatcong Township School District.

The School District's Funds

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$20,622,562 and expenditures of \$19,154,588. The net positive change in fund balance for the year was most significant in the general fund, reflecting an increase of \$1,467,974.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2020, the School District amended its general fund budget as needed.

The School District uses program-based budgeting. The budgeting systems are designed to tightly control total program budgets but provide the flexibility for program management.

For the general fund, budgetary basis revenues and other financing sources were \$17,568,864, \$168,771 over original budgeted estimates of \$17,400,093.

The general fund revenues of the School District exceeded expenditures by \$1,460,038. The financial position of the School District highlights the dependency on the tax levy as well as the limitations of the 2% cap.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Capital Assets

At the end of the fiscal year 2020, the School District had \$14,697,327 invested in land, building, furniture and equipment. Table 4 provides a summary of the School District's capital assets net of depreciation for the fiscal year ended June 30, 2020 compared to June 30, 2019.

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

	06/30/2020	06/30/2019	Variance	
			Dollars	Percent
Land	\$ 140,755	\$ 140,755	\$ -	0.00%
Land improvements	44,414	56,391	(11,977)	-21.24%
Building & improvements	14,426,804	14,796,604	(369,800)	-2.50%
Furniture & equipment	85,354	91,256	(5,902)	-6.47%
	<u>\$ 14,697,327</u>	<u>\$ 15,085,006</u>	<u>\$ (387,679)</u>	<u>-2.57%</u>

Overall capital assets decreased by \$387,679 from fiscal year 2019 to fiscal year 2020. Increases in capital assets were offset by depreciation expenses for the year.

Long-term liabilities

At June 30, 2020, the School District had \$13,288,852 in long-term liabilities. This amount is detailed in Table 5 below for June 30, 2020 compared to June 30, 2019.

Table 5
Long-term Liabilities

	06/30/2020	06/30/2019	Variance	
			Dollars	Percent
Construction of middle school and refunding of 2000 school bonds	\$ 10,205,000	\$ 10,870,000	\$ (665,000)	-6.12%
Unamortized bond premiums	262,853	286,749	(23,896)	-8.33%
Compensated absences liability	564,839	532,383	32,456	6.10%
Net pension liability	2,256,160	2,351,571	(95,411)	-4.06%
	<u>\$ 13,288,852</u>	<u>\$ 14,040,703</u>	<u>\$ (751,851)</u>	<u>-5.35%</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

For the Future

Lopatcong Township is a sending district to Phillipsburg High School for grades 9-12. A challenge that faces the district over the next couple of years are the decreases in tuition adjustments, and the increases in tuition charged each year, resulting in large increases to the tuition line item of the budget. This budgeted expenditure is within the state mandated 2% cap. District also has a tuition reserve account that replenishes every 2 years to make sure that enough funds are allocated for the high school tuition payments.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, kindly contact Atilla Sabahoglu, School Business Administrator/Board Secretary at Lopatcong Township Board of Education, 321 Stonehenge Drive, Phillipsburg, NJ 08865 or via phone at (908) 213-2995 x2500.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,365,557	\$ 76,260	\$ 1,441,817
Receivables, net	175,643	35	175,678
Interfund receivables	10	-	10
Inventory	-	8,776	8,776
Restricted assets			
Capital reserve account - cash	4,091,250	-	4,091,250
Emergency reserve - cash	180,000	-	180,000
Maintenance reserve - cash	180,000	-	180,000
Capital assets, net			
Land	140,755	-	140,755
Other capital assets, net of depreciation	14,540,885	15,687	14,556,572
Total assets	<u>20,674,100</u>	<u>100,758</u>	<u>20,774,858</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>601,000</u>	<u>-</u>	<u>601,000</u>
Liabilities			
Accounts payable	54,919	-	54,919
Accrued interest	187,787	-	187,787
Unearned revenue	175	10,763	10,938
Long-term liabilities			
Due within one year	718,896	-	718,896
Due beyond one year	12,569,956	-	12,569,956
Total liabilities	<u>13,531,733</u>	<u>10,763</u>	<u>13,542,496</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>1,229,489</u>	<u>-</u>	<u>1,229,489</u>
Net position			
Net investment in capital assets	4,476,640	15,687	4,492,327
Restricted for			
Capital reserve	4,091,250	-	4,091,250
Emergency reserve	180,000	-	180,000
Maintenance reserve	180,000	-	180,000
Tuition reserve	1,325,069	-	1,325,069
Unrestricted	<u>(3,739,081)</u>	<u>74,308</u>	<u>(3,664,773)</u>
Total net position	<u>\$ 6,513,878</u>	<u>\$ 89,995</u>	<u>\$ 6,603,873</u>

See accompanying notes to financial statements.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 3,253,677	\$ 3,216,190	\$ 41,100	\$ 49,346	\$ -	\$ (6,379,421)	\$ -	\$ (6,379,421)
Special education	1,258,098	1,082,707	-	25,341	-	(2,315,464)	-	(2,315,464)
Other special education	197,671	130,464	-	78,901	-	(249,234)	-	(249,234)
Other instruction	19,467	1,490	-	-	-	(20,957)	-	(20,957)
Support services								
Tuition	6,588,236	-	-	137,037	-	(6,451,199)	-	(6,451,199)
Students and instruction related services	880,334	580,467	-	52,516	-	(1,408,285)	-	(1,408,285)
General and business administration services	472,235	278,192	-	-	-	(750,427)	-	(750,427)
School administration services	309,201	183,690	-	-	-	(492,891)	-	(492,891)
Plant operations and maintenance	1,006,755	250,139	-	-	-	(1,256,894)	-	(1,256,894)
Pupil transportation	588,642	-	-	-	-	(588,642)	-	(588,642)
Interest on long-term debt	387,339	-	-	-	-	(387,339)	-	(387,339)
Total governmental activities	<u>14,961,655</u>	<u>5,723,339</u>	<u>41,100</u>	<u>343,141</u>	<u>-</u>	<u>(20,300,753)</u>	<u>-</u>	<u>(20,300,753)</u>
Business-type activities								
Food service	180,707	-	119,839	55,490	-	-	(5,378)	(5,378)
Child care program	31,671	-	37,701	-	-	-	6,030	6,030
Total business-type activities	<u>212,378</u>	<u>-</u>	<u>157,540</u>	<u>55,490</u>	<u>-</u>	<u>-</u>	<u>652</u>	<u>652</u>
Total primary government	<u>\$ 15,174,033</u>	<u>\$ 5,723,339</u>	<u>\$ 198,640</u>	<u>\$ 398,631</u>	<u>\$ -</u>	<u>(20,300,753)</u>	<u>652</u>	<u>(20,300,101)</u>
			General revenues, special items and transfers					
						13,776,605	-	13,776,605
						881,628	-	881,628
						7,360,730	-	7,360,730
						52,314	136	52,450
						14,668	-	14,668
						<u>22,085,945</u>	<u>136</u>	<u>22,086,081</u>
						1,785,192	788	1,785,980
						4,728,686	89,207	4,817,893
						<u>\$ 6,513,878</u>	<u>\$ 89,995</u>	<u>\$ 6,603,873</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,365,557	\$ -	\$ -	\$ -	\$ 1,365,557
Due from other funds	49,356	-	-	-	49,356
Receivables from other governments					
State	120,934	-	-	-	120,934
Federal	-	49,346	-	-	49,346
Other accounts receivable	5,363	-	-	-	5,363
Restricted cash and cash equivalents	4,451,250	-	-	-	4,451,250
Total assets	\$ 5,992,460	\$ 49,346	\$ -	\$ -	\$ 6,041,806
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 49,346	\$ -	\$ -	\$ 49,346
Accounts payable	54,919	-	-	-	54,919
Unearned revenue	175	-	-	-	175
Total liabilities	55,094	49,346	-	-	104,440

See accompanying notes to financial statements.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2020

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Capital reserve	\$ 4,091,250	\$ -	\$ -	\$ -	\$ 4,091,250
Emergency reserve	180,000	-	-	-	180,000
Maintenance reserve	180,000	-	-	-	180,000
Tuition reserve	1,325,069	-	-	-	1,325,069
Committed fund balance					
Year-end encumbrances	7,627	-	-	-	7,627
Assigned fund balance					
Designated for subsequent year's expenditures	65,101	-	-	-	65,101
Unassigned fund balance	88,319	-	-	-	88,319
Total fund balances	<u>5,937,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,937,366</u>
Total liabilities and fund balances	<u>\$ 5,992,460</u>	<u>\$ 49,346</u>	<u>\$ -</u>	<u>\$ -</u>	

Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$24,909,948 and the accumulated depreciation is \$10,228,308.	14,681,640
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(628,489)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(13,288,852)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(187,787)</u>
Total net position of governmental activities	<u>\$ 6,513,878</u>

See accompanying notes to financial statements.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 13,776,605	\$ -	\$ -	\$ 881,628	\$ 14,658,233
Tuition					
Individuals	34,200	-	-	-	34,200
Other LEAs	6,900	-	-	-	6,900
Interest on investments	52,314	-	-	-	52,314
Miscellaneous	14,668	-	-	-	14,668
Total local sources	<u>13,884,687</u>	<u>-</u>	<u>-</u>	<u>881,628</u>	<u>14,766,315</u>
Federal sources	-	343,141	-	-	343,141
State sources	5,303,390	-	-	209,716	5,513,106
Total revenues	<u>19,188,077</u>	<u>343,141</u>	<u>-</u>	<u>1,091,344</u>	<u>20,622,562</u>
Expenditures					
Current					
Instructional					
Regular instruction	3,204,331	49,346	-	-	3,253,677
Special education instruction	1,232,757	25,341	-	-	1,258,098
Other special instruction	118,770	78,901	-	-	197,671
Other instruction	19,467	-	-	-	19,467
Support service and undistributed costs					
Tuition	6,451,199	137,037	-	-	6,588,236
Student and instruction related services	839,756	40,578	-	-	880,334
General and business administrative services	472,235	-	-	-	472,235
School administrative services	309,201	-	-	-	309,201
Plant operations and maintenance	1,006,755	-	-	-	1,006,755
Pupil transportation	588,642	-	-	-	588,642
Unallocated benefits	3,377,607	-	-	-	3,377,607

See accompanying notes to financial statements.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 99,252	\$ 11,938	\$ -	\$ -	\$ 111,190
Debt service					
Principal	-	-	-	665,000	665,000
Interest & other charges	131	-	-	426,344	426,475
Total expenditures	<u>17,720,103</u>	<u>343,141</u>	<u>-</u>	<u>1,091,344</u>	<u>19,154,588</u>
Excess (deficit) of revenues over (under) expenditures	1,467,974	-	-	-	1,467,974
Fund balances, July 1	<u>4,469,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,469,392</u>
Fund balances, June 30	<u><u>\$ 5,937,366</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,937,366</u></u>

See accompanying notes to financial statements.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Total net changes in fund balances - governmental fund (from B-2) \$ 1,467,974

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

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

Capital outlays	\$ 111,190	
Depreciation expense	<u>(494,883)</u>	(383,693)

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

Debt principal payments	665,000
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Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and the Statement of Activities:

Amortization of bond premium	23,896
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In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.

15,240

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2020

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. \$ 29,231

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. (32,456)

Change in net position of governmental activities \$ 1,785,192

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Net Position
June 30, 2020

	Food Service Fund	Childcare Program	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 374	\$ 75,886	\$ 76,260
Receivables from other governments			
Federal	35	-	35
Inventory	8,776	-	8,776
Total current assets	<u>9,185</u>	<u>75,886</u>	<u>85,071</u>
Noncurrent assets			
Capital assets	258,534	-	258,534
Less: accumulated depreciation	242,847	-	242,847
Total noncurrent assets	<u>15,687</u>	<u>-</u>	<u>15,687</u>
Total assets	<u>24,872</u>	<u>75,886</u>	<u>100,758</u>
Liabilities			
Current liabilities			
Unearned revenues - commodities	1,571	-	1,571
Unearned revenues - prepaid sales	9,192	-	9,192
Total liabilities	<u>10,763</u>	<u>-</u>	<u>10,763</u>
Net position			
Net investment in capital assets	15,687	-	15,687
Unrestricted	<u>(1,578)</u>	<u>75,886</u>	<u>74,308</u>
Total net position	<u>\$ 14,109</u>	<u>\$ 75,886</u>	<u>\$ 89,995</u>

See accompanying notes to financial statements.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

	Food Service Fund	Childcare Program	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 65,398	\$ -	\$ 65,398
Daily sales - non-reimbursable programs	54,441	-	54,441
Child care revenues	-	37,701	37,701
Total operating revenues	<u>119,839</u>	<u>37,701</u>	<u>157,540</u>
Operating expenses			
Cost of sales - reimbursable programs	45,126	-	45,126
Cost of sales - non-reimbursable programs	16,738	-	16,738
Commodity food costs	16,137	-	16,137
Salaries	67,657	17,899	85,556
Supports services - employee benefits	9,142	-	9,142
Purchased professional/technical services	1,238	-	1,238
Other purchased services			
Insurance	8,079	-	8,079
Management fee	9,059	-	9,059
Supplies and materials	2,731	13,649	16,380
Depreciation	3,986	-	3,986
Miscellaneous expenditures	814	123	937
Total operating expenses	<u>180,707</u>	<u>31,671</u>	<u>212,378</u>
Operating income (loss)	<u>(60,868)</u>	<u>6,030</u>	<u>(54,838)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	1,550	-	1,550
Federal sources			
National school lunch program			
Cash assistance	37,189	-	37,189
Non-cash assistance (commodities)	16,137	-	16,137
Special milk program for children	614	-	614
Interest earned on investments	136	-	136
Total non-operating revenues (expenses)	<u>55,626</u>	<u>-</u>	<u>55,626</u>
Change in net position	(5,242)	6,030	788
Net position, beginning	<u>19,351</u>	<u>69,856</u>	<u>89,207</u>
Net position, ending	<u>\$ 14,109</u>	<u>\$ 75,886</u>	<u>\$ 89,995</u>

See accompanying notes to financial statements.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

	Food Service Fund	Childcare Program	Total
Cash flows from operating activities			
Receipts from customers	\$ 123,670	\$ 37,701	\$ 161,371
Payments to employees	(1,544)	(17,899)	(19,443)
Payments to Food Service Management Company	(160,665)	-	(160,665)
Payments to vendors (net)	(1,603)	(13,772)	(15,375)
Net cash provided by (used for) operating activities	<u>(40,142)</u>	<u>6,030</u>	<u>(34,112)</u>
Cash flows from non-capital financing activities			
State sources	1,600	-	1,600
Federal sources	38,988	-	38,988
Net cash provided by (used for) non-capital financing activities	<u>40,588</u>	<u>-</u>	<u>40,588</u>
Cash flows from investing activities			
Interest earned on investments	136	-	136
Net increase (decrease) in cash and cash equivalents	582	6,030	6,612
Cash and cash equivalents, beginning	<u>(208)</u>	<u>69,856</u>	<u>69,648</u>
Cash and cash equivalents, ending	<u>\$ 374</u>	<u>\$ 75,886</u>	<u>\$ 76,260</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating activities			
Operating income (loss)	\$ (60,868)	\$ 6,030	\$ (54,838)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	3,986	-	3,986
Federal food donation program	16,137	-	16,137
(Increase) decrease in inventory	(722)	-	(722)
Increase (decrease) in unearned revenue	1,325	-	1,325
Net cash provided by (used for) operating activities	<u>\$ (40,142)</u>	<u>\$ 6,030</u>	<u>\$ (34,112)</u>

See accompanying notes to financial statements.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2020

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
Assets			
Cash and cash equivalents	\$ 47,346	\$ 42,159	\$ 259,263
Total assets	\$ 47,346	\$ 42,159	\$ 259,263
Liabilities			
Due to other funds	\$ -	\$ -	\$ 10
Due to student groups	-	42,159	-
Payroll deductions and withholdings	-	-	259,253
Total liabilities	-	\$ 42,159	\$ 259,263
Net position			
Held in trust for unemployment claims and other purposes	\$ 47,346		

See accompanying notes to financial statements.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Year Ended June 30, 2020

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Employee withholdings	\$ 10,343
Investment earnings - interest	<u>369</u>
Total additions	<u>10,712</u>
 Deductions	
Unemployment claims	<u>7,533</u>
 Change in net position	 3,179
 Net position, beginning of the year	 <u>44,167</u>
 Net position, end of the year	 <u><u>\$ 47,346</u></u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Warren, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District also has a sending/receiving relationship with Phillipsburg school district for Grades 9-12. The District had an approximate enrollment at June 30, 2020 of 732 students.

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

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

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

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

The District's enterprise fund is comprised of the food service fund and the childcare program.

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

Equipment	12 years
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Fiduciary fund types

Trust and Agency Funds - This fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the trust and agency funds of the District.

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board Resolution.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2019-2020 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

J. Capital assets

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

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

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

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

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement Number 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

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

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

M. Long-term obligations

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

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

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

O. Fund balances - governmental funds

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

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

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

Note 3 - Deposits, cash equivalents, and investments

Cash and cash equivalents include petty cash, change funds, cash, and certificates of deposit in banks. As of June 30, 2020, the District had no investments.

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

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

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

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

As of June 30, 2020, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	6,221,658
Total bank balances	\$ 6,471,658

Deposits at June 30, 2020 appear in the financial statements as summarized below:

Cash and cash equivalents		<u>Ref.</u>	\$ 6,241,835
Unrestricted cash and cash equivalents			
Governmental funds, Balance Sheet	B-1		\$ 1,365,557
Enterprise funds, Statement of Net Position	B-4		76,260
Fiduciary funds, Statement of Net Position	B-7		348,768
Restricted cash and cash equivalents			
Governmental funds, Balance Sheet	B-1		4,451,250
Total cash and cash equivalents			\$ 6,241,835

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 140,755	\$ -	\$ -	\$ 140,755
Total	<u>140,755</u>	<u>-</u>	<u>-</u>	<u>140,755</u>
Capital assets, being depreciated				
Land improvements	351,942	-	-	351,942
Building & improvements	23,753,322	99,252	-	23,852,574
Furniture & equipment	<u>552,739</u>	<u>11,938</u>	<u>-</u>	<u>564,677</u>
Total	<u>24,658,003</u>	<u>111,190</u>	<u>-</u>	<u>24,769,193</u>
Accumulated depreciation				
Land improvements	295,551	11,977	-	307,528
Building & improvements	8,956,718	469,052	-	9,425,770
Furniture & equipment	<u>481,156</u>	<u>13,854</u>	<u>-</u>	<u>495,010</u>
Total	<u>9,733,425</u>	<u>494,883</u>	<u>-</u>	<u>10,228,308</u>
Total capital assets, being depreciated, net	<u>14,924,578</u>	<u>(383,693)</u>	<u>-</u>	<u>14,540,885</u>
Governmental activities capital assets, net	<u>\$ 15,065,333</u>	<u>\$ (383,693)</u>	<u>\$ -</u>	<u>\$ 14,681,640</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 258,534	\$ -	\$ -	\$ 258,534
Less: accumulated depreciation	<u>238,861</u>	<u>3,986</u>	<u>-</u>	<u>242,847</u>
Business type activities capital assets, net	<u>\$ 19,673</u>	<u>\$ (3,986)</u>	<u>\$ -</u>	<u>\$ 15,687</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

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

Instruction		
Regular	\$	248,979
Special education		96,272
Other special instruction		15,126
Other instruction		1,490
Support services		
Student & instruction		67,365
General & business administration		36,136
School administration		23,661
Plant maintenance		5,854
Total depreciation expense, governmental activities	\$	<u>494,883</u>

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation bonds payable	\$ 10,870,000	\$ -	\$ 665,000	\$ 10,205,000	\$ 695,000
Bond premium	286,749	-	23,896	262,853	23,896
Compensated absences payable	532,383	32,456	-	564,839	-
PERS net pension liability	2,351,571	-	95,411	2,256,160	-
Total governmental activities long-term liabilities	<u>\$ 14,040,703</u>	<u>\$ 32,456</u>	<u>\$ 784,307</u>	<u>\$ 13,288,852</u>	<u>\$ 718,896</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2020, including interest payments are listed as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 695,000	\$ 395,544	\$ 1,090,544
2022	735,000	362,993	1,097,993
2023	845,000	327,719	1,172,719
2024	805,000	294,719	1,099,719
2025	840,000	261,819	1,101,819
2026 - 2030	5,095,000	766,153	5,861,153
Thereafter	1,190,000	26,775	1,216,775
Total	<u>\$ 10,205,000</u>	<u>\$ 2,435,722</u>	<u>\$ 12,640,722</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

General Obligation Bonds - General obligation school building bonds payable at June 30, 2020, with their outstanding balances are comprised of the following individual issues:

\$15,895,000 - 2001 refunding obligation school building/refunding bonds, interest at 4.00% to 5.125% due in annual installments beginning January 15, 2002, through July 15, 2030.	\$ 5,350,000
\$9,600,000 - 2011 refunding school bonds, interest at 2.00% to 5.00%, due in annual installments beginning July 15, 2011, through July 15, 2026.	4,855,000
	\$ 10,205,000

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2020 is \$26,803,034. General obligation debt at June 30, 2020 is \$10,205,000, resulting in a legal debt margin of \$16,598,034.

Note 6 - Pension plans

Description of systems

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

A. Public employees' retirement systems (PERS)

Plan description

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

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Plan description (continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members enrolled prior to July 1, 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members 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 Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective Tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25-years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective Tier.

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2019 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2019 measurement date.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Allocation methodology and reconciliation to financial statements (continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For State fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

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

The District's contractually required contribution rate for the fiscal year ended June 30, 2020 was 14.21% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2019:

Net pension liability	\$	2,260,160
Proportionate share		0.01252136520%
Plan fiduciary net position as a percentage of the total pension liability		56.27%

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Preretirement mortality rates were based on the Pub-10 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2019.

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Discount rate (continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2019 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (6.28%)	\$	2,256,160
At a 1% lower rate (5.28%)		2,869,723
At a 1% higher rate (7.28%)		1,768,068

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2019 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,495	\$ 9,967
Changes of assumptions	225,286	783,106
Net difference between projected and actual earnings on pension plan investments	-	35,614
Changes in proportion and differences between District contributions and proportionate share of contributions	213,423	400,802
District contributions subsequent to the measurement date	121,796	-
Total	<u>\$ 601,000</u>	<u>\$ 1,229,489</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e. for the school year ended June 30, 2020, the plan measurement date is June 30, 2019) of \$121,796 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2019 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 44,845	\$ (4,350)	\$ 40,495
Changes of assumptions	387,500	(162,214)	225,286
Deferred inflows of resources			
Differences between expected and actual experience	(12,125)	2,158	(9,967)
Changes of assumptions	(751,907)	(31,199)	(783,106)
Differences between projected and actual earnings on pension plan investments	(22,058)	(13,556)	(35,614)
Net of deferred outflows	<u>\$ (353,745)</u>	<u>\$ (209,161)</u>	<u>\$ (562,906)</u>

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

Fiscal Year Ended June 30,

2020	\$ (65,148)
2021	(211,338)
2022	(188,712)
2023	(88,610)
2024	(9,098)
Total	<u>\$ (562,906)</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Pension expense

For the year ended June 30, 2020, the District recognized net pension expense of \$92,564, which represents the District's proportionate share of allocable plan pension expense of \$104,600, less the net amortization of deferred amounts from changes in proportion of \$9,037, and less other adjustments to the net pension liability of \$2,999. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2019 measurement date are as follows:

Service cost	\$	86,894
Interest on total pension liability		257,543
Member contributions		(59,850)
Administrative expense		1,585
Expected investment return net of investment expense		(159,804)
Pension expense related to specific liabilities of individual employers		(748)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		19,390
Amortization of expected versus actual experience		(59,263)
Amortization of projected versus actual investment earnings on pension plan investments		18,853
Pension expense	\$	104,600

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

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) 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. 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.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members enrolled prior to July 1, 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members 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 tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The State’s pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2019, the State’s pension contribution was less than the actuarial determined amount.

Special funding situation

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Special funding situation (continued)

During the State fiscal year ended June 30, 2019, the State of New Jersey contributed \$847,824 to the TPAF for normal pension benefits on behalf of the District.

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

Collective net pension liability and actuarial information

The District’s proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2019 measurement date is as follows:

District proportionate share of net pension liability	\$ 35,425,639
Less: State proportionate share of net pension liability	9,547,447
Net pension liability	\$ 25,878,192

Proportionate share	0.0421668478%
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Plan fiduciary net position as a percentage of the total pension liability	26.95%
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Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%

Salary increases (based on years of service)	
Through 2026	1.55 - 4.45%
Thereafter	2.75 - 5.65%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Actuarial assumptions (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF’s target asset allocation as of June 30, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on 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. 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 70% of the actuarially determined contributions for the State.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Discount rate (continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2019 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (5.60%)	\$ 25,878,192
At a 1% lower rate (4.60%)	30,516,117
At a 1% higher rate (6.60%)	22,030,180

Pension expense

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2019 measurement date are as follows:

Service cost	\$ 791,703
Interest on total pension liability	1,767,446
Member contributions	(355,942)
Administrative expense	5,856
Expected investment return net of investment expense	(649,019)
Pension expense related to specific liabilities of individual employers	(126)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	74,972
Amortization of expected versus actual experience	(250,991)
Amortization of projected versus actual investment earnings on pension plan investments	142,466
Pension expense	<u>\$ 1,526,365</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2020) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2020 was \$15,079.

D. Other pension plan information

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$348,714 to the TPAF for postretirement medical benefits, \$16,551 for non-contributory insurance premiums, \$308 for long-term disability insurance, and \$923,426 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$332,278 during the fiscal year ended June 30, 2020 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State 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 provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternative Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. 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. In fiscal year 2019, the State paid PRM benefits for 153,893 State and local retirees.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

The State funds postretirement medical benefits on a pay-as-you-go basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have remained consistent with fiscal year 2019 amounts. The State has appropriated 1.612 billion in fiscal year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The fiscal year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in fiscal year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Total OPEB liability (continued)

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2019 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 41,729,081,045
District's proportionate share of the State's OPEB liability	21,013,033
Employer OPEB expense and related revenue	321,259

Allocable proportionate percentage	0.0503558489%
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Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2018	\$ 23,109,631
Service cost	686,501
Interest cost	908,914
Change of benefit terms	-
Differences between expected and actual experiences	(3,379,403)
Changes of assumptions	313,306
Member contributions	19,121
Gross benefit payments	(645,037)
Total OPEB liability at June 30, 2019	<u>\$ 21,013,033</u>

There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

The total non-employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
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	<u>TPAF</u>	<u>PERS</u>
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 3.05%	2.00% - 6.00%
Thereafter	1.55% - 3.05%	3.00% - 7.00%

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. 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-2019. 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-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The following presents the total non-employer OPEB liability as of June 30, 2019 measurement date, using the District’s allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (3.50%)	\$	21,013,033
At a 1% lower rate (2.50%)		24,824,696
At a 1% higher rate (4.50%)		17,985,257

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

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

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$	21,013,033
At a 1% lower rate (1% decrease)		17,313,803
At a 1% higher rate (1% increase)		25,910,054

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

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$321,259 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

Note 8 - Deferred compensation

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

- AXA Equitable
- Ameriprise Financial
- Lincoln Investments

Note 9 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2020 is as follows:

	Receivable	Payable
General fund	\$ 49,356	\$ -
Special revenue fund	-	49,346
Payroll agency	-	10
	\$ 49,356	\$ 49,356

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 9 - Interfund receivables and payables (continued)

The special revenue fund had an interfund payable for \$49,346 due to the general fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues. The balance due from the payroll agency fund to the general fund of \$10 represents a loan.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2020 consisted of the following:

Food	\$	6,646
Supplies		2,130
Total		8,776

Note 11 - Contingent liabilities

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

Note 12 - Risk management

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

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Risk management (continued)

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the District is required to reimburse the NJ 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, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the current and previous two years:

<u>Fiscal year</u>	<u>Board Contrib.</u>	<u>Interest Earnings</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019 - 2020	\$ -	\$ 369	\$ 10,343	\$ 7,533	\$ 47,346
2018 - 2019	-	543	10,346	18,516	44,167
2017 - 2018	-	407	9,798	2,052	51,794

Note 13 - Reserve accounts

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

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

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$1,400,000 to their capital reserve account and \$700,248 to the tuition reserve account by Board Resolution in June 2020 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

<u>Reserve Type</u>	<u>Beginning Balance</u>	<u>District Contrib.</u>	<u>Interest Earnings</u>	<u>Return Unused Withdrawal</u>	<u>Withdrawal</u>	<u>Ending Balance</u>
Capital	\$ 2,719,236	\$ 1,400,000	\$ -	\$ -	\$ 27,986	\$ 4,091,250
Emergency	180,000	-	-	-	-	180,000
Maintenance	180,000	-	-	-	-	180,000
Tuition	1,249,854	700,248	-	-	625,033	1,325,069
Total	<u>\$ 4,329,090</u>	<u>\$ 2,100,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 653,019</u>	<u>\$ 5,776,319</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2020 is as follows:

Restricted

Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 4,091,250
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	180,000
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	180,000
Tuition reserve account - Represents funds accumulated for future tuition adjustments pursuant to N.J.A.C. 6A:23A-17.1(f).	1,325,069

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	7,627
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Assigned

Designated surplus - Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	65,101
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	443,110
Total fund balance - Budgetary basis (Exhibit C-1)	6,292,157
Last state aid payments not recognized on GAAP basis	(354,791)
Total fund balance - GAAP basis (Exhibit B-1)	\$ 5,937,366

Note 16 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$0.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 17 - Operating lease

At June 30, 2020, the District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

2021		\$ 12,240
2022		12,240
2023		12,240
2024		12,240
Total		\$ 48,960

Note 19 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2020 of (\$3,739,081) on Schedule A-1, Statement of Net Position. The deficit balance is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Note 20 - Recent accounting pronouncements not yet effective

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

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. This statement is effective for reporting periods beginning after June 15, 2021 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement is effective for reporting periods beginning after December 15, 2019 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 21 - Risks and uncertainties

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

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

Note 22 - Subsequent events

The District has evaluated subsequent events through January 8, 2021, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

BUDGETARY COMPARISON SCHEDULES

LOPATCONG TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 13,776,605	\$ -	\$ 13,776,605	\$ 13,776,605	\$ -
Tuition from individuals	43,000	-	43,000	34,200	(8,800)
Tuition from other LEAs within the state	6,245	-	6,245	6,900	655
Unrestricted miscellaneous revenues	6,000	-	6,000	66,982	60,982
Interest earned on current expense emergency reserve	1,000	-	1,000	-	(1,000)
Interest earned on maintenance reserve	1,000	-	1,000	-	(1,000)
Interest earned on capital reserve funds	3,000	-	3,000	-	(3,000)
Total	13,836,850	-	13,836,850	13,884,687	47,837
State sources					
School choice aid	166,941	-	166,941	166,941	-
Categorical transportation aid	114,378	-	114,378	114,378	-
Extraordinary aid	-	-	-	119,484	119,484
Categorical special education aid	704,190	-	704,190	704,190	-
Equalization aid	2,551,704	-	2,551,704	2,551,704	-
Categorical security aid	26,030	-	26,030	26,030	-
Other state aid	-	-	-	1,450	1,450
TPAF Pension (on-behalf)	-	-	-	939,977	939,977
TPAF Social Security (reimbursed)	-	-	-	322,278	322,278
TPAF Postretirement benefits	-	-	-	348,714	348,714
TPAF Long-term disability insurance	-	-	-	308	308
Total	3,563,243	-	3,563,243	5,295,454	1,732,211
Total revenues	\$ 17,400,093	\$ -	\$ 17,400,093	\$ 19,180,141	\$ 1,780,048
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 78,698	\$ 800	\$ 79,498	\$ 60,438	\$ 19,060
Kindergarten	156,019	-	156,019	144,344	11,675
Grades 1-5	1,611,891	-	1,611,891	1,597,809	14,082
Grades 6-8	1,236,815	(800)	1,236,015	1,193,208	42,807
Home instruction					
Salaries of teacher	18,000	-	18,000	8,210	9,790
Purchased professional - educational services	3,000	-	3,000	-	3,000
Regular programs - undistributed instruction					
Purchased professional - educational services	2,000	1,131	3,131	3,131	-
Purchased technical services	30,000	(1,400)	28,600	27,090	1,510
Other purchased services	95,460	1,369	96,829	72,820	24,009
General supplies	157,400	(3,561)	153,839	97,161	56,678
Textbooks	35,000	-	35,000	-	35,000
Other objects	3,000	-	3,000	120	2,880
Total	3,427,283	(2,461)	3,424,822	3,204,331	220,491

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 81,365	\$ 1,000	\$ 82,365	\$ 81,892	\$ 473
Other salaries for instruction	44,374	(1,000)	43,374	11,132	32,242
Total	125,739	-	125,739	93,024	32,715
Multiple disabilities					
Salaries of teachers	205,483	-	205,483	204,023	1,460
Other salaries for instruction	195,998	-	195,998	187,521	8,477
General supplies	2,000	-	2,000	465	1,535
Total	403,481	-	403,481	392,009	11,472
Resource room/resource center					
Salaries of teachers	628,457	(5,000)	623,457	579,761	43,696
Other salaries for instruction	61,117	5,000	66,117	62,341	3,776
Total	689,574	-	689,574	642,102	47,472
Autism					
Other salaries for instruction	10,738	801	11,539	11,539	-
Purchased professional - educational services	37,000	(8,066)	28,934	20,910	8,024
General supplies	500	-	500	-	500
Total	48,238	(7,265)	40,973	32,449	8,524
Preschool disabilities - part-time					
Salaries of teachers	39,500	(369)	39,131	39,131	-
Other salaries for instruction	23,987	10,235	34,222	34,042	180
General supplies	500	(500)	-	-	-
Total	63,987	9,366	73,353	73,173	180
Total special education	1,331,019	2,101	1,333,120	1,232,757	100,363
Basic skills/remedial					
Salaries of teachers	115,748	3,263	119,011	118,770	241
Total	115,748	3,263	119,011	118,770	241
School-sponsored co/extra curricular activities - instruction					
Salaries	30,000	(500)	29,500	19,467	10,033
Total	30,000	(500)	29,500	19,467	10,033
Total instruction regular	\$ 4,904,050	\$ 2,403	\$ 4,906,453	\$ 4,575,325	\$ 331,128

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ 5,964,891	\$ (1,561)	\$ 5,963,330	\$ 5,961,586	\$ 1,744
Tuition to other LEAs within the state - special	286,900	(13,154)	273,746	273,746	-
Tuition to county vocational school district - regular	73,575	-	73,575	73,090	485
Tuition to county vocational school district - special	23,000	(10,285)	12,715	-	12,715
Tuition to private school for the disabled within state	160,000	-	160,000	142,777	17,223
Total	<u>6,508,366</u>	<u>(25,000)</u>	<u>6,483,366</u>	<u>6,451,199</u>	<u>32,167</u>
Undistributed expenditures - attendance and social work					
Salaries	26,516	33	26,549	26,549	-
Total	<u>26,516</u>	<u>33</u>	<u>26,549</u>	<u>26,549</u>	<u>-</u>
Undistributed expenditures - health services					
Salaries	157,906	(33)	157,873	155,608	2,265
Purchased professional and technical services	300	-	300	-	300
Supplies and materials	3,000	-	3,000	1,559	1,441
Other objects	300	-	300	180	120
Total	<u>161,506</u>	<u>(33)</u>	<u>161,473</u>	<u>157,347</u>	<u>4,126</u>
Undistributed expenditures - speech/ot/pt and related services					
Salaries	117,386	6,826	124,212	124,045	167
Purchased professional - educational services	76,800	21,811	98,611	80,306	18,305
Supplies and materials	625	(625)	-	-	-
Total	<u>194,811</u>	<u>28,012</u>	<u>222,823</u>	<u>204,351</u>	<u>18,472</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	105,872	16,949	122,821	122,821	-
Other purchased professional and technical services	300	(300)	-	-	-
Other purchased services	300	(300)	-	-	-
Supplies and materials	60	-	60	-	60
Total	<u>106,532</u>	<u>16,349</u>	<u>122,881</u>	<u>122,821</u>	<u>60</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	136,658	951	137,609	136,369	1,240
Salaries of secretarial and clerical assistants	18,012	-	18,012	18,012	-
Other salaries	11,000	-	11,000	10,523	477
Purchased professional - educational services	67,000	28,842	95,842	90,327	5,515
Other purchased professional & technical services	33,500	(2,742)	30,758	26,328	4,430
Supplies and materials	2,000	(1,451)	549	549	-
Total	<u>268,170</u>	<u>25,600</u>	<u>293,770</u>	<u>282,108</u>	<u>11,662</u>

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - improvement of inst. service					
Salaries of other professional staff	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000
Purchased professional - educational services	10,000	-	10,000	-	10,000
Total	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Undistributed expenditures - edu. media service/sch. library					
Salaries	26,000	(13,760)	12,240	10,774	1,466
Salaries of technology coordinators	30,115	-	30,115	30,115	-
Purchased professional and technical services	2,000	90	2,090	2,090	-
Total	<u>58,115</u>	<u>(13,670)</u>	<u>44,445</u>	<u>42,979</u>	<u>1,466</u>
Undistributed expenditures - instructional staff training services					
Other purchased services	5,000	-	5,000	3,601	1,399
Total	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>3,601</u>	<u>1,399</u>
Undistributed expenditures - support service - general admin.					
Salaries	162,931	35,275	198,206	171,400	26,806
Unused vacation payment to terminated/retired staff	27,275	(27,275)	-	-	-
Legal services	60,000	-	60,000	19,366	40,634
Audit fees	21,000	-	21,000	20,950	50
Architectural/engineering services	40,000	3,750	43,750	12,244	31,506
Other purchased professional services	16,000	(4,901)	11,099	2,000	9,099
Communications/telephone	18,000	5,151	23,151	23,142	9
BOE other purchased services	4,000	-	4,000	1,355	2,645
Miscellaneous purchased services	25,000	1,000	26,000	25,881	119
General supplies	1,350	-	1,350	1,029	321
Miscellaneous expenditures	2,350	-	2,350	1,931	419
BOE membership dues and fees	8,500	-	8,500	7,966	534
Total	<u>386,406</u>	<u>13,000</u>	<u>399,406</u>	<u>287,264</u>	<u>112,142</u>
Undistributed expenditures - support service - school admin.					
Salaries of principals/assistant principals	196,000	(8,000)	188,000	152,589	35,411
Salaries of secretarial and clerical assistants	83,521	-	83,521	83,521	-
Supplies and materials	4,500	-	4,500	517	3,983
Other objects	5,000	-	5,000	4,095	905
Total	<u>289,021</u>	<u>(8,000)</u>	<u>281,021</u>	<u>240,722</u>	<u>40,299</u>
Undistributed expenditures - central services					
Salaries	178,559	-	178,559	162,703	15,856
Purchased professional services	22,000	175	22,175	22,175	-
Supplies and materials	1,000	-	1,000	43	957
Other objects	1,500	(175)	1,325	50	1,275
Total	<u>203,059</u>	<u>-</u>	<u>203,059</u>	<u>184,971</u>	<u>18,088</u>

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance
	Original Budget	Budget Transfers	Final Budget		Final to Actual
Expenditures (cont'd)					
Undistributed expenditures - admin. info. technology					
Salaries	\$ 45,172	\$ -	\$ 45,172	\$ 45,172	\$ -
Purchased professional services	8,000	5,561	13,561	13,068	493
Other purchased services	1,500	160	1,660	1,660	-
Supplies and materials	12,500	(2,528)	9,972	8,579	1,393
Total	67,172	3,193	70,365	68,479	1,886
Undistributed expenditures - req. maint. for school facilities					
Salaries	280,151	-	280,151	265,236	14,915
Cleaning, repair, and maintenance services	110,300	(19,000)	91,300	79,984	11,316
Lead testing in water	2,000	-	2,000	-	2,000
General supplies	43,400	27,561	70,961	70,096	865
Other objects	400	-	400	375	25
Total	436,251	8,561	444,812	415,691	29,121
Undistributed expenditures - custodial services					
Salaries	317,666	25,463	343,129	319,664	23,465
Salaries of non-instructional aides	25,463	(25,463)	-	-	-
Purchased professional and technical services	4,100	-	4,100	3,375	725
Cleaning, repair, and maintenance service	11,000	-	11,000	8,265	2,735
Other purchased property services	23,000	-	23,000	19,777	3,223
Insurance	40,645	-	40,645	35,964	4,681
Miscellaneous purchased services	600	-	600	258	342
General supplies	42,000	(7,000)	35,000	16,751	18,249
Energy (natural gas)	55,000	-	55,000	43,900	11,100
Energy (electricity)	189,138	-	189,138	141,000	48,138
Energy (gasoline)	3,000	-	3,000	2,110	890
Total	711,612	(7,000)	704,612	591,064	113,548
Undistributed expenditures - security					
Purchased professional and technical services	13,000	13,000	26,000	-	26,000
Total	13,000	13,000	26,000	-	26,000
Undistributed expenditures - student transportation service					
Salaries for pupil trans. (between home & school) - reg.	4,000	2,000	6,000	6,000	-
Other purchased professional and technical service	5,050	-	5,050	3,550	1,500
Contract service-aid in lieu pymts. - non-public schools	65,000	(2,000)	63,000	29,347	33,653
Contract service (between home & school) - vendors	311,600	-	311,600	263,923	47,677
Contract service (sp. ed. stds) - vendors	333,000	-	333,000	285,822	47,178
Total	718,650	-	718,650	588,642	130,008
Unallocated benefits - employee benefits					
Social Security contributions	150,500	(79)	150,421	120,543	29,878
Other retirement contributions - PERS	154,500	-	154,500	122,208	32,292
Other retirement contributions - regular	15,000	79	15,079	15,079	-
Workmen's compensation	87,005	-	87,005	68,234	18,771
Health benefits	2,180,712	(55,496)	2,125,216	1,348,327	776,889
Tuition reimbursement	55,000	-	55,000	16,948	38,052
Other employee benefits	89,400	-	89,400	74,991	14,409
Total	2,732,117	(55,496)	2,676,621	1,766,330	910,291

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
On-behalf TPAF Pension contribution	\$ -	\$ -	\$ -	\$ 939,977	\$ (939,977)
On-behalf TPAF Postretirement medical benefits	-	-	-	348,714	(348,714)
On-behalf TPAF Long-term disability insurance	-	-	-	308	(308)
Reimbursed TPAF Social Security contribution	-	-	-	322,278	(322,278)
Total	-	-	-	1,611,277	(1,611,277)
 Total undistributed expenditures	 \$ 12,901,304	 \$ (1,451)	 \$ 12,899,853	 \$ 13,045,395	 \$ (145,542)
 Total current	 \$ 17,805,354	 \$ 952	 \$ 17,806,306	 \$ 17,620,720	 \$ 185,586
 Capital outlay					
Equipment					
Undistributed					
Undistributed expend. - instruction	\$ 6,000	\$ (950)	\$ 5,050	\$ -	\$ 5,050
Undistributed expenditures - admin. info. technology	4,000	-	4,000	-	4,000
Total equipment	10,000	(950)	9,050	-	9,050
 Facilities acquisition and construction service					
Construction services	260,000	27,986	287,986	99,252	188,734
Assessment for debt service on SDA funding	131	-	131	131	-
Total facilities acquisition and construction service	260,131	27,986	288,117	99,383	188,734
 Total capital outlay	 \$ 270,131	 \$ 27,036	 \$ 297,167	 \$ 99,383	 \$ 197,784
 Total expenditures	 \$ 18,075,485	 \$ 27,988	 \$ 18,103,473	 \$ 17,720,103	 \$ 383,370
 Excess (deficiency) of revenues over (under) expenditures	 \$ (675,392)	 \$ (27,988)	 \$ (703,380)	 \$ 1,460,038	 \$ 2,163,418
 Other financing sources (uses)					
Operating transfer out					
Transfer to fiduciary fund - board contribution	(20,000)	-	(20,000)	-	20,000
Total other financing sources (uses)	(20,000)	-	(20,000)	-	20,000
 Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	 (695,392)	 (27,988)	 (723,380)	 1,460,038	 2,183,418
 Fund balances, July 1	 4,832,119	 -	 4,832,119	 4,832,119	 -
Fund balances, June 30	\$ 4,136,727	\$ (27,988)	\$ 4,108,739	\$ 6,292,157	\$ 2,183,418

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Increase in capital reserve	\$ -	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ -
Interest deposit to capital reserve	3,000	-	3,000	-	(3,000)
Withdrawal from capital reserve	-	27,986	(27,986)	(27,986)	-
Increase in emergency reserve	1,000	-	1,000	-	(1,000)
Interest earned on maintenance reserve	1,000	-	1,000	-	(1,000)
Increase in tuition reserve	-	700,248	700,248	700,248	-
Withdrawal from tuition reserve	(625,033)	-	(625,033)	(625,033)	-
Budgeted fund balance	(75,359)	(2,156,222)	(2,175,609)	12,809	2,188,418
Total	<u>\$ (695,392)</u>	<u>\$ (27,988)</u>	<u>\$ (723,380)</u>	<u>\$ 1,460,038</u>	<u>\$ 2,183,418</u>
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 4,091,250	
Emergency reserve				180,000	
Maintenance reserve				180,000	
Tuition reserve					
Year 2018 - 2019				624,821	
Year 2019 - 2020				700,248	
Committed fund balance					
Year-end encumbrances				7,627	
Assigned fund balance					
Designated for subsequent year's expenditures				65,101	
Unassigned fund balance				<u>443,110</u>	
Fund balance per budgetary basis				6,292,157	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(354,791)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 5,937,366</u>	

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 372,074	\$ -	\$ 372,074	\$ 343,141	\$ (28,933)
Total revenues	<u>\$ 372,074</u>	<u>\$ -</u>	<u>\$ 372,074</u>	<u>\$ 343,141</u>	<u>\$ (28,933)</u>
Expenditures					
Instruction					
Purchased professional & technical services	\$ 52,004	\$ -	\$ 52,004	\$ 48,024	\$ 3,980
General supplies	106,944	(2)	106,942	105,564	1,378
Totals	<u>158,948</u>	<u>(2)</u>	<u>158,946</u>	<u>153,588</u>	<u>5,358</u>
Support services					
Tuition	137,037	-	137,037	137,037	-
Purchased professional & technical services	56,653	-	56,653	33,078	23,575
Other purchased services	7,500	-	7,500	7,500	-
Total	<u>201,190</u>	<u>-</u>	<u>201,190</u>	<u>177,615</u>	<u>23,575</u>
Capital outlay					
Equipment	11,936	2	11,938	11,938	-
Total expenditures	<u>\$ 372,074</u>	<u>\$ -</u>	<u>\$ 372,074</u>	<u>\$ 343,141</u>	<u>\$ 28,933</u>

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2020

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 19,180,141	\$ 343,141
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	362,727	-
State aid receivable current year	<u>(354,791)</u>	<u>-</u>
Total revenues (GAAP basis)	<u>\$ 19,188,077</u>	<u>\$ 343,141</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 17,720,103</u>	<u>\$ 343,141</u>
Total expenditures (GAAP basis)	<u>\$ 17,720,103</u>	<u>\$ 343,141</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	0.0125213652%	0.0119432750%	0.0119432750%	0.0121873736%	0.0158898322%	0.0148198542%	0.0140257185%	0.0145281974%	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 2,256,160	\$ 2,351,571	\$ 2,837,026	\$ 4,706,113	\$ 3,292,869	\$ 2,660,383	\$ 2,304,129	N/A	N/A
District's covered employee payroll	857,212	896,441	873,251	833,685	895,069	973,162	972,571	908,252	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	251.68%	269.29%	340.30%	525.78%	338.37%	273.54%	253.69%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A

N/A - Not Available

See independent auditors' report.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 121,796	\$ 118,797	\$ 112,903	\$ 141,163	\$ 126,113	\$ 117,140	\$ 101,150	\$ 104,107	\$ 112,011	\$ 117,649
Contributions in relation to the contractually required contribution	(121,796)	(118,797)	(112,903)	(141,163)	(126,113)	(117,140)	(101,150)	(104,107)	(112,011)	(117,649)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 857,212	\$ 896,441	\$ 873,251	\$ 833,685	\$ 895,069	\$ 973,162	\$ 972,571	\$ 908,252	\$ 905,624	\$ 966,345
Contributions as a percentage of covered employee payroll	14.21%	13.25%	12.93%	16.93%	14.09%	12.04%	10.40%	11.46%	12.37%	12.17%

N/A - Not Available

See independent auditors' report.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	25,878,192	29,865,097	35,091,766	44,408,814	34,825,346	31,062,221	29,906,072	N/A	N/A
Total	\$ -	\$ 25,878,192	\$ 29,865,097	\$ 35,091,766	\$ 44,408,814	\$ 34,825,346	\$ 31,062,221	\$ 29,906,072	\$ -	\$ -
District's covered employee payroll	\$ 4,654,980	\$ 4,532,852	\$ 4,571,983	\$ 4,492,226	\$ 5,072,569	\$ 5,427,576	\$ 5,613,632	\$ 5,403,946	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	N/A	N/A

N/A - Not Available

See independent auditors' report.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 939,977	\$ 846,679	\$ 708,104	\$ 583,290	\$ 451,977	\$ 297,889	\$ 245,863	\$ 382,357	\$ 188,718	\$ 18,641
Contributions in relation to the contractually required contribution	(939,977)	(846,679)	(708,104)	(583,290)	(451,977)	(297,889)	(245,863)	(382,357)	(188,718)	(18,641)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 4,654,980	\$ 4,532,852	\$ 4,571,983	\$ 4,492,226	\$ 5,072,569	\$ 5,427,576	\$ 5,613,632	\$ 5,403,946	\$ 5,552,110	\$ 5,644,524
Contributions as a percentage of covered employee payroll	20.19%	18.68%	15.49%	12.98%	8.91%	5.49%	4.38%	7.08%	3.40%	0.33%

See independent auditors' report.

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	NA	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	21,013,033	23,109,631	26,794,883	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 21,013,033	\$ 23,109,631	\$ 26,794,883	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 5,429,293	\$ 5,445,234	\$ 5,325,911	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2020

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 4.86% in State fiscal year 2018 and 5.60% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal years 2018 and 2.75% in State fiscal year 2019.
- Note 3 - Changes in assumptions - PERS
The discount rate was 5.66% in State fiscal year 2018 and 6.28% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal year 2018 and 2.75% for State fiscal year 2019.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 3.87% in State fiscal year 2018 to 3.50% in State fiscal year 2019. The inflation rate was 2.50% for State fiscal year 2018 and 2019.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

SPECIAL REVENUE FUND

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	ESSA Title IA	ESSA Title IIA	ESSA Title IVA	IDEA Basic	IDEA Preschool	CARES	Total
Revenues							
Federal sources	\$ 96,734	\$ 24,683	\$ 10,000	\$ 157,037	\$ 5,341	\$ 49,346	\$ 343,141
Total revenues	\$ 96,734	\$ 24,683	\$ 10,000	\$ 157,037	\$ 5,341	\$ 49,346	\$ 343,141
Expenditures							
Instruction							
Purchased professional and technical services	\$ -	\$ -	\$ -	\$ 20,000	\$ 2,500	\$ 25,524	\$ 48,024
General supplies	78,901	-	-	-	2,841	23,822	105,564
Total	78,901	-	-	20,000	5,341	49,346	153,588
Support services							
Tuition	-	-	-	137,037	-	-	137,037
Purchased professional and technical services	5,895	24,683	2,500	-	-	-	33,078
Other purchased services	-	-	7,500	-	-	-	7,500
Total	5,895	24,683	10,000	137,037	-	-	177,615
Capital outlay							
Equipment	11,938	-	-	-	-	-	11,938
Total expenditures	\$ 96,734	\$ 24,683	\$ 10,000	\$ 157,037	\$ 5,341	\$ 49,346	\$ 343,141

See independent auditors' report.

CAPITAL PROJECTS FUND

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

(NOT APPLICABLE TO THIS REPORT)

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Combining Schedule of Net Position
June 30, 2020

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 47,346	\$ 42,159	\$ 259,263	\$ 348,768
Total assets	<u>\$ 47,346</u>	<u>\$ 42,159</u>	<u>\$ 259,263</u>	<u>\$ 348,768</u>
Liabilities				
Due to other funds	\$ -	\$ -	\$ 10	\$ 10
Due to students groups	-	42,159	-	42,159
Payroll deductions and withholdings	-	-	259,253	259,253
Total liabilities	<u>-</u>	<u>42,159</u>	<u>259,263</u>	<u>301,422</u>
Net position				
Held in trust for unemployment claims & other purposes	<u>\$ 47,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,346</u>

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Unemployment Compensation Fund
Schedule of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

Additions	
Contributions	
Employee withholdings	\$ 10,343
Investment earnings - interest	369
Total additions	10,712
Deductions	
Unemployment claims	7,533
Change in net position	3,179
Net position, beginning of the year	44,167
Net position, end of the year	\$ 47,346

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	<u>Balance 07/01/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/20</u>
Assets				
Cash and cash equivalents	\$ 40,904	\$ 42,443	\$ 41,188	\$ 42,159
Total assets	<u>\$ 40,904</u>	<u>\$ 42,443</u>	<u>\$ 41,188</u>	<u>\$ 42,159</u>
Liabilities				
Due to student groups	\$ 40,904	\$ 42,443	\$ 41,188	\$ 42,159
Total liabilities	<u>\$ 40,904</u>	<u>\$ 42,443</u>	<u>\$ 41,188</u>	<u>\$ 42,159</u>

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20
Assets				
Cash and cash equivalents	\$ 274,915	\$ 7,099,232	\$ 7,114,884	\$ 259,263
Total assets	\$ 274,915	\$ 7,099,232	\$ 7,114,884	\$ 259,263
Liabilities				
Due to other funds	\$ 10	\$ -	\$ -	\$ 10
Payroll deductions and withholdings	274,416	3,206,197	3,234,962	245,651
Flexible spending account	116	1,628	1,744	-
Health savings account	-	20,154	6,677	13,477
Net payroll	373	3,871,253	3,871,501	125
Total liabilities	\$ 274,915	\$ 7,099,232	\$ 7,114,884	\$ 259,263

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/19	Issued	Retired	Balance 06/30/20
			Date	Amount					
Construction of Middle School and refunding of 2000 series	09/01/01	\$ 15,895,000	07/15/22	\$ 845,000	4.75%	\$ 5,350,000	\$ -	\$ -	\$ 5,350,000
			07/15/27	1,065,000	5.00%	-	-	-	-
			07/15/28	1,105,000	5.00%	-	-	-	-
			07/15/29	1,145,000	5.00%	-	-	-	-
			07/15/30	1,190,000	5.00%	-	-	-	-
Refunding school bonds	05/11/11	9,600,000	07/15/20	695,000	5.00%	5,520,000	-	665,000	4,855,000
			07/15/21	735,000	5.00%	-	-	-	-
			07/15/23	805,000	4.00%	-	-	-	-
			07/15/24	840,000	4.00%	-	-	-	-
			07/15/25	875,000	4.00%	-	-	-	-
			07/15/26	905,000	4.00%	-	-	-	-
						<u>\$ 10,870,000</u>	<u>\$ -</u>	<u>\$ 665,000</u>	<u>\$ 10,205,000</u>

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 881,628	\$ -	\$ 881,628	\$ 881,628	\$ -
State sources					
Debt service aid	209,716	-	209,716	209,716	-
Total revenues	<u>1,091,344</u>	<u>-</u>	<u>1,091,344</u>	<u>1,091,344</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	665,000	-	665,000	665,000	-
Interest	426,344	-	426,344	426,344	-
Total expenditures	<u>1,091,344</u>	<u>-</u>	<u>1,091,344</u>	<u>1,091,344</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

Contents	Page
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.	

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Government activities										
Net investment in capital assets	\$ 1,561,585	\$ 2,502,670	\$ 2,441,347	\$ 2,485,149	\$ 2,583,172	\$ 3,236,856	\$ 3,365,501	\$ 3,504,268	\$ 4,195,333	\$ 4,476,640
Restricted	2,409,934	1,872,117	2,020,129	1,602,787	1,264,361	542,396	1,638,662	3,121,147	4,329,090	5,776,319
Unrestricted	(232,627)	(320,185)	(303,587)	(2,795,366)	(3,585,713)	(3,633,115)	(3,919,414)	(3,878,998)	(3,795,737)	(3,739,081)
Total governmental activities	<u>\$ 3,738,892</u>	<u>\$ 4,054,602</u>	<u>\$ 4,157,889</u>	<u>\$ 1,292,570</u>	<u>\$ 261,820</u>	<u>\$ 146,137</u>	<u>\$ 1,084,749</u>	<u>\$ 2,746,417</u>	<u>\$ 4,728,686</u>	<u>\$ 6,513,878</u>
Business-type activities										
Net investment in capital assets	\$ 109,440	\$ 102,705	\$ 91,549	\$ 76,683	\$ 64,073	\$ 61,403	\$ 49,334	\$ 34,560	\$ 19,673	\$ 15,687
Unrestricted	93,735	71,843	75,509	86,623	88,575	76,980	61,884	73,451	69,534	74,308
Total business-type activities	<u>\$ 203,175</u>	<u>\$ 174,548</u>	<u>\$ 167,058</u>	<u>\$ 163,306</u>	<u>\$ 152,648</u>	<u>\$ 138,383</u>	<u>\$ 111,218</u>	<u>\$ 108,011</u>	<u>\$ 89,207</u>	<u>\$ 89,995</u>
District-wide										
Net investment in capital assets	\$ 1,671,025	\$ 2,605,375	\$ 2,532,896	\$ 2,561,832	\$ 2,647,245	\$ 3,298,259	\$ 3,414,835	\$ 3,538,828	\$ 4,215,006	\$ 4,492,327
Restricted	2,409,934	1,872,117	2,020,129	1,602,787	1,264,361	542,396	1,638,662	3,121,147	4,329,090	5,776,319
Unrestricted	(138,892)	(248,342)	(228,078)	(2,708,743)	(3,497,138)	(3,556,135)	(3,857,530)	(3,805,547)	(3,726,203)	(3,664,773)
Total district-wide	<u>\$ 3,942,067</u>	<u>\$ 4,229,150</u>	<u>\$ 4,324,947</u>	<u>\$ 1,455,876</u>	<u>\$ 414,468</u>	<u>\$ 284,520</u>	<u>\$ 1,195,967</u>	<u>\$ 2,854,428</u>	<u>\$ 4,817,893</u>	<u>\$ 6,603,873</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,283,440	\$ 5,747,351	\$ 5,940,174	\$ 6,167,467	\$ 7,462,218	\$ 7,060,296	\$ 6,711,474	\$ 6,677,565	\$ 6,837,563	\$ 6,469,867
Special education	1,349,239	1,387,983	1,576,311	1,512,958	1,594,726	1,985,821	2,862,417	2,967,885	2,598,823	2,340,805
Other special education	1,002,992	853,052	903,533	839,434	783,630	416,448	320,647	345,991	352,192	328,135
Other instruction	-	-	-	-	-	-	-	-	-	20,957
Support services										
Tuition	2,793,682	3,499,860	4,438,501	5,289,756	6,451,262	6,396,630	6,053,142	6,087,176	6,035,293	6,588,236
Student & instruction related services	1,381,180	1,533,950	1,553,014	1,336,677	1,604,246	1,491,739	1,445,614	1,504,996	1,445,757	1,460,801
General & business administrative services	1,339,569	1,597,488	1,219,793	1,269,802	1,369,273	1,644,606	1,573,875	1,639,007	1,448,746	1,243,318
Plant operations & maintenance	1,315,993	1,189,193	1,158,008	1,279,279	1,223,862	1,252,242	1,722,299	1,855,640	1,245,926	1,256,894
Pupil transportation	452,095	456,489	503,132	523,953	484,092	444,013	585,779	595,012	571,204	588,642
Interest on long-term debt	586,814	543,967	528,989	541,008	524,041	525,578	479,120	452,089	420,396	387,339
Total governmental activities expenses	<u>15,505,004</u>	<u>16,809,333</u>	<u>17,821,455</u>	<u>18,760,334</u>	<u>21,497,350</u>	<u>21,217,373</u>	<u>21,754,367</u>	<u>22,125,361</u>	<u>20,955,900</u>	<u>20,684,994</u>
Business-type activities										
Food services	267,644	304,248	308,637	295,772	295,173	284,401	282,908	277,087	264,953	180,707
Childcare program	-	-	30,487	31,382	25,294	36,604	35,134	34,948	47,063	31,671
Total business-type activities	<u>267,644</u>	<u>304,248</u>	<u>339,124</u>	<u>327,154</u>	<u>320,467</u>	<u>321,005</u>	<u>318,042</u>	<u>312,035</u>	<u>312,016</u>	<u>212,378</u>
Total district expenses	<u>\$ 15,772,648</u>	<u>\$ 17,113,581</u>	<u>\$ 18,160,579</u>	<u>\$ 19,087,488</u>	<u>\$ 21,817,817</u>	<u>\$ 21,538,378</u>	<u>\$ 22,072,409</u>	<u>\$ 22,437,396</u>	<u>\$ 21,267,916</u>	<u>\$ 20,897,372</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program revenues										
Governmental activities										
Charges for services	\$ 90,302	\$ 118,940	\$ 99,963	\$ 67,774	\$ 100,216	\$ 118,769	\$ 74,561	\$ 63,942	\$ 51,946	\$ 41,100
Operating grants & contributions	371,193	234,966	317,543	410,969	283,817	277,359	279,081	280,236	278,609	343,141
Capital grants & contributions	436,225	-	-	-	252,763	-	-	-	-	-
Total governmental activities program revenues	<u>897,720</u>	<u>353,906</u>	<u>417,506</u>	<u>478,743</u>	<u>636,796</u>	<u>396,128</u>	<u>353,642</u>	<u>344,178</u>	<u>330,555</u>	<u>384,241</u>
Business-type activities										
Charges for services										
Food service	208,755	203,959	204,566	196,706	187,057	184,514	175,811	177,448	171,023	119,839
Childcare program	-	-	48,281	39,746	39,209	39,861	42,565	55,190	45,916	37,701
Operating grants & contributions	73,358	71,063	78,542	86,723	83,381	82,208	72,361	76,031	73,204	55,490
Total business-type activities program revenues	<u>282,113</u>	<u>275,022</u>	<u>331,389</u>	<u>323,175</u>	<u>309,647</u>	<u>306,583</u>	<u>290,737</u>	<u>308,669</u>	<u>290,143</u>	<u>213,030</u>
Total district - program revenues	<u>\$ 1,179,833</u>	<u>\$ 628,928</u>	<u>\$ 748,895</u>	<u>\$ 801,918</u>	<u>\$ 946,443</u>	<u>\$ 702,711</u>	<u>\$ 644,379</u>	<u>\$ 652,847</u>	<u>\$ 620,698</u>	<u>\$ 597,271</u>
Net (expense) revenues										
Governmental activities	\$ (14,607,284)	\$ (16,455,427)	\$ (17,403,949)	\$ (18,281,591)	\$ (20,860,554)	\$ (20,821,245)	\$ (21,400,725)	\$ (21,781,183)	\$ (20,625,345)	\$ (20,300,753)
Business-type activities	14,469	(29,226)	(7,735)	(3,979)	(10,820)	(14,422)	(27,305)	(3,366)	(21,873)	652
Total district-wide net expenses	<u>\$ (14,592,815)</u>	<u>\$ (16,484,653)</u>	<u>\$ (17,411,684)</u>	<u>\$ (18,285,570)</u>	<u>\$ (20,871,374)</u>	<u>\$ (20,835,667)</u>	<u>\$ (21,428,030)</u>	<u>\$ (21,784,549)</u>	<u>\$ (20,647,218)</u>	<u>\$ (20,300,101)</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 11,105,502	\$ 11,327,612	\$ 11,622,452	\$ 11,896,112	\$ 12,201,862	\$ 12,532,892	\$ 12,881,255	\$ 13,176,071	\$ 13,506,475	\$ 13,776,605
Taxes levied for debt service	991,213	915,832	894,692	812,260	884,990	889,272	879,108	883,234	883,647	881,628
Unrestricted grants & contributions	4,076,644	4,467,073	5,023,938	4,860,063	6,702,924	7,248,416	8,552,940	9,340,650	8,134,611	7,360,730
Investment earnings	8,045	21,200	10,518	11,827	7,558	9,175	11,052	32,710	58,028	52,314
State capital projects grants deobligated	-	-	(78,495)	-	-	-	(8,679)	-	-	-
Disposal of land	-	-	-	-	-	-	(3,500)	-	-	-
Miscellaneous income	18,365	39,420	34,131	49,300	32,470	50,307	27,161	10,186	24,853	14,668
Transfers	-	-	-	-	-	(24,500)	-	-	-	-
Total governmental activities	<u>16,199,769</u>	<u>16,771,137</u>	<u>17,507,236</u>	<u>17,629,562</u>	<u>19,829,804</u>	<u>20,705,562</u>	<u>22,339,337</u>	<u>23,442,851</u>	<u>22,607,614</u>	<u>22,085,945</u>
Business-type activities										
Miscellaneous income	238	599	245	227	162	157	140	159	3,069	136
Total business-type activities	<u>238</u>	<u>599</u>	<u>245</u>	<u>227</u>	<u>162</u>	<u>157</u>	<u>140</u>	<u>159</u>	<u>3,069</u>	<u>136</u>
Total district-wide	<u>\$ 16,200,007</u>	<u>\$ 16,771,736</u>	<u>\$ 17,507,481</u>	<u>\$ 17,629,789</u>	<u>\$ 19,829,966</u>	<u>\$ 20,705,719</u>	<u>\$ 22,339,477</u>	<u>\$ 23,443,010</u>	<u>\$ 22,610,683</u>	<u>\$ 22,086,081</u>
Change in net position										
Governmental activities	\$ 1,592,485	\$ 315,710	\$ 103,287	\$ (652,029)	\$ (1,030,750)	\$ (115,683)	\$ 938,612	\$ 1,661,668	\$ 1,982,269	\$ 1,785,192
Business-type activities	14,707	(28,627)	(7,490)	(3,752)	(10,658)	(14,265)	(27,165)	(3,207)	(18,804)	788
Total district	<u>\$ 1,607,192</u>	<u>\$ 287,083</u>	<u>\$ 95,797</u>	<u>\$ (655,781)</u>	<u>\$ (1,041,408)</u>	<u>\$ (129,948)</u>	<u>\$ 911,447</u>	<u>\$ 1,658,461</u>	<u>\$ 1,963,465</u>	<u>\$ 1,785,980</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Restricted	\$ 1,554,122	\$ 1,918,109	\$ 2,165,381	\$ 1,809,892	\$ 1,011,598	\$ 479,468	\$ 1,610,114	\$ 3,121,147	\$ 4,329,090	\$ 5,776,319
Committed	69,453	9,568	15,207	8,747	-	817	8,258	-	-	7,627
Assigned	-	208,677	39,242	186,469	-	-	-	-	75,359	65,101
Unassigned	90,714	49,839	190,453	(7,848)	(355,136)	(187,230)	(60,443)	83,785	64,943	88,319
Total general fund	<u>\$ 1,714,289</u>	<u>\$ 2,186,193</u>	<u>\$ 2,410,283</u>	<u>\$ 1,997,260</u>	<u>\$ 656,462</u>	<u>\$ 293,055</u>	<u>\$ 1,557,929</u>	<u>\$ 3,204,932</u>	<u>\$ 4,469,392</u>	<u>\$ 5,937,366</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 1,053,636	\$ 266,634	\$ 170,655	\$ -	\$ 252,763	\$ 62,928	\$ 28,548	\$ -	\$ -	\$ -
Assigned, reported in										
Debt service fund	-	100,342	100,342	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 1,053,636</u>	<u>\$ 366,976</u>	<u>\$ 270,997</u>	<u>\$ -</u>	<u>\$ 252,763</u>	<u>\$ 62,928</u>	<u>\$ 28,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 12,096,715	\$ 12,243,444	\$ 12,517,144	\$ 12,708,372	\$ 13,086,852	\$ 13,422,164	\$ 13,760,363	\$ 14,059,305	\$ 14,390,122	\$ 14,658,233
Tuition charges	89,152	118,940	99,963	67,749	98,590	118,769	70,932	61,495	49,175	41,100
Interest earnings	8,045	21,200	10,518	11,827	7,558	9,175	11,052	32,710	58,028	52,314
Rents and royalties	-	-	-	-	-	-	3,629	2,447	2,771	-
Miscellaneous	19,515	32,462	34,131	49,325	34,096	26,411	39,702	10,186	24,853	14,668
State sources	4,508,409	4,384,459	4,987,430	4,863,617	5,250,745	5,124,129	5,206,986	5,453,049	5,498,559	5,513,106
Federal sources	375,653	324,538	354,051	407,415	317,320	275,245	279,652	280,236	278,609	343,141
Total revenues	17,097,489	17,125,043	18,003,237	18,108,305	18,795,161	18,975,893	19,372,316	19,899,428	20,302,117	20,622,562
Expenditures										
Instruction										
Regular instruction	3,726,675	3,923,841	3,780,409	4,051,644	4,251,978	3,591,176	3,145,774	3,049,000	3,140,546	3,204,331
Special education instruction	849,031	847,167	920,176	963,957	831,103	998,081	1,080,436	1,184,146	1,212,875	1,232,757
Other special instruction	663,773	575,771	572,807	514,781	417,287	182,900	130,916	129,141	136,763	118,770
Other instruction	-	-	-	-	-	-	-	-	-	19,467
Support services										
Tuition	2,762,789	3,499,860	4,438,501	5,104,357	6,336,262	6,300,202	6,053,142	5,987,176	5,891,544	6,451,199
Student & instruction related services	869,153	963,842	911,075	848,267	882,784	789,247	681,623	725,239	774,127	839,756
General & business administrative services	1,001,129	952,886	919,637	936,770	900,183	951,055	793,109	849,663	875,431	781,436
Plant operations & maintenance	1,070,140	988,146	922,057	1,073,178	981,612	914,670	846,173	944,955	981,748	1,006,755
Pupil transportation	452,095	448,218	494,195	507,837	484,092	444,013	585,779	595,012	571,204	588,642
Employee benefits	2,769,938	3,034,349	3,392,616	3,263,088	3,366,252	3,391,673	3,376,186	3,418,787	3,550,111	3,377,607
Capital outlay	126,886	817,946	25,174	29,039	46,189	563,322	51,247	24,155	530,855	99,252
Special revenue funds	371,193	234,966	317,543	410,969	283,817	277,359	279,081	280,236	278,609	343,141
Debt service										
Principal	465,000	615,000	510,000	520,000	540,000	565,000	575,000	605,000	635,000	665,000
Interest & other charges	762,963	437,807	592,441	574,438	555,637	535,937	513,356	488,463	458,844	426,475
Total expenditures	15,890,765	17,339,799	17,796,631	18,798,325	19,877,196	19,504,635	18,111,822	18,280,973	19,037,657	19,154,588

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Excess (deficiency) of revenues over (under) expenditures	\$ 1,206,724	\$ (214,756)	\$ 206,606	\$ (690,020)	\$ (1,082,035)	\$ (528,742)	\$ 1,260,494	\$ 1,618,455	\$ 1,264,460	\$ 1,467,974
Other financing sources (uses)										
Transfer out	-	-	-	-	-	(24,500)	(30,000)	-	-	-
Proceeds from refinancing bond issue	10,201,851	-	-	-	-	-	-	-	-	-
Payments to refunding bond escrow agent	(10,201,851)	-	-	-	-	-	-	-	-	-
NJSDA grant deobligated	-	-	(78,495)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(78,495)	-	-	(24,500)	(30,000)	-	-	-
Net change in fund balances	<u>\$ 1,206,724</u>	<u>\$ (214,756)</u>	<u>\$ 128,111</u>	<u>\$ (690,020)</u>	<u>\$ (1,082,035)</u>	<u>\$ (553,242)</u>	<u>\$ 1,230,494</u>	<u>\$ 1,618,455</u>	<u>\$ 1,264,460</u>	<u>\$ 1,467,974</u>
Debt service as a percentage of non-capital expenditures	8.45%	6.81%	6.61%	6.19%	5.85%	6.17%	6.41%	6.37%	6.28%	6.08%

Source: District Records

Note: Non-capital expenditures are total expenditures less capital outlay.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Interest income	\$ 8,045	\$ 21,200	\$ 10,518	\$ 11,827	\$ 7,558	\$ 9,175	\$ 11,052	\$ 32,710	\$ 58,028	\$ 52,314
Tuition	89,152	118,940	99,963	67,749	98,590	118,769	70,932	61,495	49,175	41,100
Prior year refunds	16,992	12,427	16,266	44,630	12,167	-	20,932	1,954	19,666	6,658
Miscellaneous	609	258	364	134	2,280	3,005	3,991	6,544	3,913	1,996
Old outstanding checks voided	13	-	-	54	-	-	-	-	-	-
Close old agency balances	-	-	-	-	-	(924)	76	71	-	-
Facility rentals	250	-	-	425	1,627	-	3,629	2,447	2,771	3,299
Emergency management training fees	900	-	-	-	-	-	-	-	-	-
Contributions	658	250	-	500	12,056	1,054	1,011	904	1,140	702
Book fees	93	49	-	-	-	591	318	172	41	-
Application fees	-	500	475	-	-	310	833	300	-	-
Accounts payable canceled	-	17,255	17,026	3,542	-	24,693	-	-	-	-
Fund 20 adjustments	-	-	-	-	5,966	(12,818)	-	-	-	-
Sale of assets	-	-	-	40	-	10,500	-	241	93	2,013
Annual totals	<u>\$ 116,712</u>	<u>\$ 170,879</u>	<u>\$ 144,612</u>	<u>\$ 128,901</u>	<u>\$ 140,244</u>	<u>\$ 154,355</u>	<u>\$ 112,774</u>	<u>\$ 106,838</u>	<u>\$ 134,827</u>	<u>\$ 108,082</u>

Source: District Records

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Vacant land	\$ 35,700,520	\$ 21,599,020	\$ 19,621,720	\$ 16,235,420	\$ 12,976,620	\$ 17,209,874	\$ 11,230,520	\$ 10,554,720	\$ 22,577,620	\$ 21,133,820
Residential	827,794,246	661,096,274	669,756,124	679,151,024	689,476,824	693,597,571	693,752,971	692,445,071	694,138,471	697,230,410
Farm regular	12,801,700	10,568,700	11,230,900	11,212,200	11,072,700	10,696,400	10,185,200	9,937,000	9,684,400	9,709,400
Q farm	704,552	702,478	711,662	650,894	6,080,903	642,778	642,778	639,656	558,868	488,256
Commercial	135,544,724	124,171,875	122,971,275	125,260,175	110,165,375	112,929,575	112,132,975	112,264,375	117,617,475	115,707,875
Industrial	19,067,400	18,036,200	17,423,200	16,284,200	14,684,200	14,684,200	15,565,600	24,285,600	27,184,900	27,796,200
Apartment	18,230,400	16,320,000	16,320,000	16,320,000	16,320,000	16,320,000	26,494,000	31,229,000	35,179,000	39,221,000
Total assessed value	1,049,843,542	852,494,547	858,034,881	865,113,913	860,776,622	866,080,398	870,004,044	881,355,422	906,940,734	911,286,961
Public utilities (a)	1,538,797	1,509,258	1,509,258	929,832	981,687	950,563	940,641	948,998	950,162	967,062
Net valuation taxable	\$1,051,382,339	\$ 854,003,805	\$ 859,544,139	\$ 866,043,745	\$ 861,758,309	\$ 867,030,961	\$ 870,944,685	\$ 882,304,420	\$ 907,890,896	\$ 912,254,023
Estimated actual county equalized value	\$1,002,056,801	\$ 963,949,507	\$ 896,572,587	\$ 840,814,377	\$ 817,502,861	\$ 842,131,991	\$ 872,427,812	\$ 882,569,191	\$ 922,278,439	\$ 920,066,367
Percentage of net valuation to estimated actual equalized value	104.92%	88.59%	95.87%	103.00%	105.41%	102.96%	99.83%	99.97%	98.44%	99.15%
Total direct school tax rate (b)	\$ 1.164	\$ 1.462	\$ 1.479	\$ 1.510	\$ 1.558	\$ 1.587	\$ 1.615	\$ 1.622	\$ 1.622	\$ 1.642

Source: Municipal Tax Assessor

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

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

* Revalued/Reassessed

See independent auditors' report.

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

Assessment Year	School District Direct Rate			Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Municipality	County	
2011	\$ 1.077	\$ 0.087	\$ 1.164	\$ 0.276	\$ 0.609	\$ 2.05
2012	* 1.360	0.102	1.462	0.403	0.681	2.55
2013	1.384	0.095	1.479	0.459	0.748	2.69
2014	1.409	0.101	1.510	0.508	0.741	2.76
2015	1.455	0.103	1.558	0.522	0.691	2.77
2016	1.486	0.101	1.587	0.553	0.742	2.88
2017	1.512	0.103	1.615	0.571	0.766	2.95
2018	1.520	0.102	1.622	0.591	0.734	2.95
2019	1.524	0.100	1.624	0.616	0.722	2.96
2020	1.543	0.099	1.642	0.616	0.697	2.96

Sources: Municipal Tax Collector

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

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

* Revalued/Reassessed

See independent auditors' report.

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

	2020			2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Larken Associates	\$ 49,519,500	1	5.43%	\$ -		-
Peron/JSM, LLC	22,906,000	2	2.51%	-		-
Brakeley Associates, Inc.	16,320,000	3	1.79%	17,800,300	2	1.69%
Hillcrest Medical/Hillcrest Associates	14,773,800	4	1.62%	4,938,600	7	0.47%
STAG GI New Jersey, Inc.	14,259,000	5	1.56%	-		-
I-78 Logistics Park	12,779,800	6	1.40%	-		-
Genesis/Brakley c/o Health Care Reit	8,599,800	7	0.94%	9,238,400	3	0.88%
Phillipsburg Mall, LLC	8,346,200	8	0.91%	-		-
Phillipsburg Properties Group	8,421,000	9	0.92%	-		-
Strykers Golf, LLC	6,003,300	10	0.66%	7,845,000	4	0.75%
Genesis/Lopatcong & Altus Group	-		-	5,723,500	5	0.54%
Crown American	-		-	25,082,500	1	2.39%
Stowaway Self Storage	-		-	5,018,960	6	0.48%
Captive Realty of NJ, LLC	-		-	4,570,900	8	0.43%
Lopatcong Corner Association, LLC	-		-	3,985,500	9	0.38%
JT Baker, c/o Mallinekrodt Baker, Inc.	-		-	3,476,600	10	0.33%
	<u>\$ 161,928,400</u>		<u>17.74%</u>	<u>\$87,680,260</u>		<u>8.34%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Fiscal Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2011	\$ 12,096,715	\$ 12,096,715	100.00%
2012	12,243,444	12,243,444	100.00%
2013	12,517,144	12,517,144	100.00%
2014	12,708,372	12,708,372	100.00%
2015	13,086,852	13,086,852	100.00%
2016	13,422,164	13,422,164	100.00%
2017	13,760,363	13,760,363	100.00%
2018	14,059,305	14,059,305	100.00%
2019	14,390,122	14,390,122	100.00%
2020	14,658,233	14,658,233	100.00%

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

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2011	\$ 15,330,000	\$ -	\$ -	\$ -	\$ -	\$ 15,330,000	4.27%	\$ 1,891	
2012	14,820,000	-	-	-	-	14,820,000	3.96%	1,815	
2013	14,310,000	-	-	-	-	14,310,000	3.71%	1,748	
2014	13,790,000	-	-	-	-	13,790,000	3.54%	1,684	
2015	13,250,000	-	-	-	-	13,250,000	3.25%	1,597	
2016	12,685,000	-	-	-	-	12,685,000	3.00%	1,532	
2017	12,110,000	-	-	-	-	12,110,000	2.84%	1,471	
2018	11,505,000	-	-	-	-	11,505,000	2.60%	1,391	
2019	10,870,000	-	-	-	-	10,870,000	2.34%	1,309	
2020	10,205,000	-	-	-	-	10,205,000	N/A	1,217	

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

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 15,330,000	-	\$ 15,330,000	1.46%	\$ 1,891
2012	14,820,000	-	14,820,000	1.74%	1,815
2013	14,310,000	-	14,310,000	1.66%	1,748
2014	13,790,000	-	13,790,000	1.59%	1,684
2015	13,250,000	-	13,250,000	1.54%	1,597
2016	12,685,000	-	12,685,000	1.46%	1,532
2017	12,110,000	-	12,110,000	1.39%	1,471
2018	11,505,000	-	11,505,000	1.30%	1,391
2019	10,870,000	-	10,870,000	1.20%	1,309
2020	10,205,000	-	10,205,000	1.12%	1,217

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

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

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

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 8,764,789	100.00%	\$ 8,764,789
County general obligation debt	2,205,000	8.17%	<u>180,120</u>
Subtotal, overlapping debt			8,944,909
School district direct debt			<u>10,205,000</u>
Total direct and overlapping debt			<u><u>\$ 19,149,909</u></u>

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2020

		Equalized Valuation Basis	
		2019	\$ 914,715,818
		2018	895,322,452
		2017	870,265,124
			<u>\$ 2,680,303,394</u>
	Average equalized valuation of taxable property		<u>\$ 893,434,465</u>
	Debt limit (3.0% of average equalization value)	(a)	\$ 26,803,034
	Total net debt applicable to limit		<u>10,205,000</u>
	Legal debt margin		<u>\$ 16,598,034</u>

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt limit	\$ 24,905,998	\$ 25,242,208	\$ 25,738,505	\$ 26,331,428	\$ 26,803,034
Total net debt applicable	<u>12,685,000</u>	<u>12,110,000</u>	<u>11,505,000</u>	<u>10,870,000</u>	<u>10,205,000</u>
Legal debt margin	<u>\$ 12,220,998</u>	<u>\$ 13,132,208</u>	<u>\$ 14,233,505</u>	<u>\$ 15,461,428</u>	<u>\$ 16,598,034</u>
Total net debt applicable to the limit as a percentage of debt limit	50.93%	47.98%	44.70%	41.28%	38.07%

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt limit	\$ 30,439,678	\$ 29,676,211	\$ 28,363,021	\$ 26,817,883	\$ 25,459,337
Total net debt applicable	<u>15,330,000</u>	<u>14,715,000</u>	<u>14,310,000</u>	<u>13,790,000</u>	<u>13,250,000</u>
Legal debt margin	<u>\$ 15,109,678</u>	<u>\$ 14,961,211</u>	<u>\$ 14,053,021</u>	<u>\$ 13,027,883</u>	<u>\$ 12,209,337</u>
Total net debt applicable to the limit as a percentage of debt limit	50.36%	49.59%	50.45%	51.42%	52.04%

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

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

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2011	8,105	\$ 358,800,245	\$ 44,269	4.8%
2012	8,164	373,968,348	45,807	4.6%
2013	8,185	385,497,130	47,098	3.7%
2014	8,187	389,774,883	47,609	5.7%
2015	8,296	408,063,648	49,188	4.7%
2016	8,279	422,311,790	51,010	3.8%
2017	8,232	426,829,200	51,850	3.3%
2018	8,271	441,712,755	53,405	3.3%
2019	8,304	N/A	N/A	2.8%
2020	N/A	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

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

2020

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

2011

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

See independent auditors' report.

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

Function/Program	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	54.2	60.6	42.0	56.6	48.0	43.0	42.7	42.7	42.0	42.0
Special education	18.5	24.4	26.4	18.2	30.0	24.4	14.5	13.5	11.5	14.5
Other instruction	-	-	14	9.7	11.5	11.0	11.6	11.6	14.5	12.3
Support services										
Student and instruction related services	22.9	17.4	10.2	10.2	9.1	8.9	8.0	8.0	8.0	8.0
General administration	2.7	2.7	2.7	2.5	2.5	2.0	2.5	2.5	2.5	2.5
School administration services	5.8	7.7	5.6	5.6	4.5	5.5	5.5	5.5	5.5	5.5
Central services	3.4	4.2	3.1	2.5	3.0	3.0	2.5	2.5	2.5	2.5
Plant operations and maintenance	13.0	10.0	9.0	9.0	9.0	9.0	8.0	8.0	8.0	8.0
Transportation services	0.3	0.3	0.3	0.3	-	-	-	-	-	-
Total	<u>120.8</u>	<u>127.3</u>	<u>112.9</u>	<u>114.6</u>	<u>117.6</u>	<u>106.8</u>	<u>95.3</u>	<u>94.3</u>	<u>94.5</u>	<u>95.3</u>

Source: District Personnel Records

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio		Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School				
2011	917	\$ 14,535,916	\$ 15,852	0.83%	86.0	1:11.62	1:11.40	917.5	879.7	-1.84%	95.88%
2012	895	15,469,046	17,284	9.04%	85.0	1:9.33	1:10.92	885.9	853.8	-3.44%	96.38%
2013	879	16,669,016	18,964	9.72%	76.0	1:8.14	1:9.25	872.8	838.2	-1.48%	96.04%
2014	861	17,674,848	20,528	8.25%	78.0	1:11.02	1:13.00	854.4	820.7	-2.11%	96.06%
2015	821	18,735,370	22,820	11.16%	76.5	1:8.14	1:12.20	828.8	794.4	-3.00%	95.85%
2016	849	17,840,376	21,013	-7.92%	63.6	1:14.34	1:12.56	846.0	814.6	2.08%	96.29%
2017	800	16,972,219	21,215	0.96%	57.2	1:20.80	1:24.00	802.3	763.2	-5.17%	95.13%
2018	768	17,163,355	22,348	5.34%	56.2	1:20.42	1:25.33	760.8	726.1	-5.17%	95.43%
2019	729	17,412,958	23,886	6.88%	53.0	1:18.70	1:17.75	732.6	699.6	-3.71%	95.49%
2020	732	17,963,861	24,541	2.74%	56.5	1:18:05	1:18:55	732.0	707.0	-0.08%	96.58%

Source: District Records

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

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Delaware Park Elementary (1924)</u>										
Square feet	10,920	10,920	10,920	10,920	10,920	-	-	-	-	-
Capacity (students)	75.0	75.0	75.0	75.0	75.0	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
<u>Lopatcong Elementary (1960/1975)</u>										
Square feet	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240	57,240
Capacity (students)	539.0	539.0	539.0	539.0	539.0	539.0	539.0	539.0	539.0	539.0
Enrollment	480.0	491.0	479.0	458.0	443.0	443.0	416.0	394.0	382.0	355.0
<u>Lopatcong Middle (2003)</u>										
Square feet	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (students)	512.0	512.0	512.0	512.0	512.0	512.0	512.0	512.0	512.0	512.0
Enrollment	435.0	404.0	400.0	397.0	385.0	398.0	384.0	352.0	339.0	362.0
<u>Number of schools at June 30, 2020:</u>										
Elementary	1									
Middle	1									

Source: District Facilities Office

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

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years

Undistributed expenditures - Required maintenance for school facilities

Fiscal Year Ending	Delaware Park School	Lopatcong Elementary School	Lopatcong Middle School	Total
2011	\$ 459	\$ 137,674	\$ 199,919	\$ 338,052
2012	463	134,623	173,881	308,967
2013	658	119,110	122,793	242,561
2014	767	116,944	184,276	301,987
2015	910	133,399	229,872	364,181
2016	-	134,378	202,107	336,485
2017	-	131,388	196,824	328,212
2018	-	148,471	225,207	373,678
2019	-	142,114	216,198	358,312
2020	-	140,130	275,561	415,691
Total school facilities	<u>\$ 3,257</u>	<u>\$ 1,338,231</u>	<u>\$ 2,026,638</u>	<u>\$ 3,368,126</u>

Source: District Records

Notes: School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2020
(Unaudited)

	Coverage	Deductible
Commercial Package Policy - School Alliance Insurance Fund (SAIF)		
Property		
Blanket Building and Contents (Fund Limit)	\$ 500,000,000	\$ 2,500
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Electronic Data Processing Equipment	In Blanket Limit	2,500
Liability		
Comprehensive General Liability	5,000,000	-
Automobile Liability	5,000,000	-
Employee Benefit Liability	5,000,000	1,000
Excess Liability		
Excludes School Board Legal Liability	5,000,000	-
Crime		
Blanket Employee Dishonesty	500,000	1,000
Forgery	50,000	1,000
Theft/Disappearance/Destruction		
Inside	50,000	1,000
Outside	50,000	1,000
Computer Fraud	50,000	1,000
Funds Transfer Fraud	50,000	1,000
School Board Legal Liability	5,000,000	5,000
Environmental Impairment Liability (ACE American Insurance Company)		
Limit of Liability		
Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	-
Workers' Compensation (SAIF)		
(a) Statutory Benefits	Included	-
(a) Employer's Liability	5,000,000	-
Supplemental Coverage (optional)	Included	-
Selective Insurance Company		
Public Employees' Faithful Performance Blanket Position Bond		
Treasurer - C Hanics	205,000	-

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION



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

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

Honorable President and
Members of the Board of Education
Lopatcong Township School District
County of Warren, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Lopatcong Township School District, County of Warren, the State of New Jersey, (the District), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 8, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



BKC, CPAs, PC



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

January 8, 2021
Flemington, New Jersey



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

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

Honorable President and
Members of the Board of Education
Lopatcong Township School District
County of Warren, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Lopatcong Township School District's, (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2020. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, and the OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



BKC, CPAs, PC



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

January 8, 2021
Flemington, New Jersey

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Federal		Project Number	Program or Award Amount	Grant Period		Balance 06/30/19	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment	Balance June 30, 2020		
	CFDA Number	FAIN Number			From	To						of Prior Year Balance	Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education															
Special Revenue Fund															
Title I A	84.010A	S010A190030	ESSA-2790-20	\$ 96,734	07/01/19	06/30/20	\$ -	\$ -	\$ 96,734	\$ 96,734	\$ -	\$ -	\$ -	\$ -	\$ -
Title I A	84.010A	S010A180030	ESSA-2790-19	80,315	07/01/18	06/30/19	(2,185)	-	2,185	-	-	-	-	-	-
Title II A	84.367A	S367A190029	ESSA-2790-20	24,683	07/01/19	06/30/20	-	-	24,683	24,683	-	-	-	-	-
Title II A	84.367A	S367A180029	ESSA-2790-19	21,955	07/01/18	06/30/19	(5,050)	-	5,050	-	-	-	-	-	-
Title IV A	84.424	S424190031	ESSA-2790-20	10,000	07/01/19	06/30/20	-	-	10,000	10,000	-	-	-	-	-
Title IV A	84.424	S424180031	ESSA-2790-19	10,000	07/01/18	06/30/19	(4,200)	-	4,200	-	-	-	-	-	-
IDEA Basic	84.027	H027A190100	IDEA-2790-20	157,037	07/01/19	06/30/20	-	-	157,037	157,037	-	-	-	-	-
IDEA Basic	84.027	H027A180100	IDEA-2790-19	161,051	07/01/18	06/30/19	(46,035)	-	46,035	-	-	-	-	-	-
IDEA Preschool	84.173	H173S190114	IDEA-2790-20	5,341	07/01/19	06/30/20	-	-	5,341	5,341	-	-	-	-	-
IDEA Preschool	84.173	H173S180114	IDEA-2790-19	5,288	07/01/18	06/30/19	(2,234)	-	2,234	-	-	-	-	-	-
CARES Act	84.425D	S425D200027	ESSER-2790-20	78,219	03/13/20	09/30/22	-	-	-	49,346	-	-	(49,346)	-	-
Total Special Revenue Fund							(59,704)	-	353,499	343,141	-	-	(49,346)	-	-
U.S. Department of Agriculture passed through State Department of Agriculture															
Enterprise Fund															
Child Nutrition Cluster															
Special Milk Program for Children	10.556	201NJ304N1099	N/A	614	10/01/19	09/30/20	-	-	614	614	-	-	-	-	-
Special Milk Program for Children	10.556	191NJ304N1099	N/A	653	10/01/18	09/30/19	(13)	-	13	-	-	-	-	-	-
National School Lunch Program															
Non-Cash Assistance (Commodities)	10.555	201NJ304N1099	N/A	13,631	10/01/19	09/30/20	-	-	13,631	12,060	-	-	-	1,571	-
Non-Cash Assistance (Commodities)	10.555	191NJ304N1099	N/A	13,841	10/01/18	09/30/19	4,077	-	-	4,077	-	-	-	-	-
National School Lunch Program															
Cash Assistance	10.555	201NJ304N1099	N/A	37,189	10/01/19	09/30/20	-	-	37,154	37,189	-	-	(35)	-	-
Cash Assistance	10.555	191NJ304N1099	N/A	55,141	10/01/18	09/30/19	(1,207)	-	1,207	-	-	-	-	-	-
Total Enterprise Fund							2,857	-	52,619	53,940	-	-	(35)	1,571	-
Total Federal Financial Assistance							\$ (56,847)	\$ -	\$ 406,118	\$ 397,081	\$ -	\$ -	\$ (49,381)	\$ 1,571	\$ -

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019		Cash Received	Budgetary Expenditure	Adjustments Repayments	Balance June 30, 2020			Memo		
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure	
State Department of Education															
General Fund															
Special Education Categorical Aid	20-495-034-5120-089	\$ 704,190	07/01/19	06/30/20	\$ -	\$ -	\$ 634,074	\$ 704,190	\$ -	\$ -	\$ -	\$ -	\$ 70,116	\$ 704,190	
Equalization Aid	20-495-034-5120-078	2,551,704	07/01/19	06/30/20	-	-	2,297,632	2,551,704	-	-	-	-	254,072	2,551,704	
School Choice Aid	20-495-034-5120-068	166,941	07/01/19	06/30/20	-	-	150,319	166,941	-	-	-	-	16,622	166,941	
Security Aid	20-495-034-5120-084	26,030	07/01/19	06/30/20	-	-	23,438	26,030	-	-	-	-	2,592	26,030	
Transportation Aid	20-495-034-5120-014	114,378	07/01/19	06/30/20	-	-	102,989	114,378	-	-	-	-	11,389	114,378	
Extraordinary Aid	20-100-034-5120-473	119,484	07/01/19	06/30/20	-	-	-	119,484	-	(119,484)	-	-	-	119,484	
Extraordinary Aid	19-100-034-5120-473	93,753	07/01/18	06/30/19	(93,753)	-	93,753	-	-	-	-	-	-	93,753	
Non-Public Transportation Aid	20-495-034-5120-014	1,450	07/01/19	06/30/20	-	-	-	1,450	-	(1,450)	-	-	-	1,450	
Non-Public Transportation Aid	19-495-034-5120-014	11,559	07/01/18	06/30/19	(11,559)	-	11,559	-	-	-	-	-	-	11,559	
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	20-495-034-5094-002	923,426	07/01/19	06/30/20	-	-	923,426	923,426	-	-	-	-	-	923,426	
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	20-495-034-5094-004	16,551	07/01/19	06/30/20	-	-	16,551	16,551	-	-	-	-	-	16,551	
On-Behalf TPAF Pension Contribution - Post Retirement Medical	20-495-034-5094-001	348,714	07/01/19	06/30/20	-	-	348,714	348,714	-	-	-	-	-	348,714	
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	20-495-034-5094-001	308.00	07/01/19	06/30/20	-	-	308	308	-	-	-	-	-	308	
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	322,278	07/01/19	06/30/20	-	-	322,278	322,278	-	-	-	-	-	322,278	
Total General Fund					<u>(105,312)</u>	<u>-</u>	<u>4,925,041</u>	<u>5,295,454</u>	<u>-</u>	<u>(120,934)</u>	<u>-</u>	<u>-</u>	<u>354,791</u>	<u>5,400,766</u>	
Debt Service Fund															
Debt Service Aid - State Support	20-495-034-5120-017	209,716	07/01/19	06/30/20	-	-	209,716	209,716	-	-	-	-	-	209,716	
Total Debt Service Fund					<u>-</u>	<u>-</u>	<u>209,716</u>	<u>209,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,716</u>	
State Department of Agriculture															
Enterprise Fund															
State School Lunch Program	20-100-010-3350-023	1,550	07/01/19	06/30/20	-	-	1,550	1,550	-	-	-	-	-	1,550	
State School Lunch Program	19-100-010-3350-023	2,354	07/01/18	06/30/19	50	-	(50)	-	-	-	-	-	-	2,354	
Total Enterprise Fund					<u>50</u>	<u>-</u>	<u>1,500</u>	<u>1,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,904</u>	
Total State Financial Assistance					<u>\$ (105,262)</u>	<u>\$ -</u>	<u>\$ 5,136,257</u>	<u>5,506,720</u>	<u>\$ -</u>	<u>\$ (120,934)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,791</u>	<u>\$ 5,614,386</u>	
Less: On-Behalf TPAF Pension System Contributions															
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	20-495-034-5094-002							923,426							
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	20-495-034-5094-004							16,551							
On-Behalf TPAF Pension Contribution - Postretirement Medical	20-495-034-5094-001							348,714							
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	20-495-034-5094-001							308							
Total for State Financial Assistance - Major Program Determination								<u>\$ 4,217,721</u>							

See independent auditors' report.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 1 - General

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

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$7,936) for the general fund and \$0 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General fund	\$ -	\$ 5,303,390	\$ 5,303,390
Special revenue fund	343,141	-	343,141
Debt service fund	-	209,716	209,716
Food service fund	53,940	1,550	55,490
Total awards and financial assistance	<u>\$ 397,081</u>	<u>\$ 5,514,656</u>	<u>\$ 5,911,737</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the fiscal year ended June 30, 2020. TPAF Social Security contribution represents the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the fiscal year ended June 30, 2020.

Note 6 - Indirect Costs

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

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

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

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

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

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

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

Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

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

Did the auditee qualify as a low-risk auditee?

Yes No

**LOPATCONG TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2020**

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<u>20-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>20-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>20-495-034-5120-084</u>	<u>Security Aid</u>

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section II and III
For the Fiscal Year Ended June 30, 2019

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2020.

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

There were no findings or questioned costs for the year ended June 30, 2020.

LOPATCONG TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2020

Status of Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action has been taken on the following prior year findings: 2019-001.