

**Borough of Pitman School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

BOROUGH OF PITMAN SCHOOL DISTRICT

PITMAN, NEW JERSEY 08071

**Borough of Pitman School Board of Education
Pitman, New Jersey 08071**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Borough of Pitman School Board of Education
Pitman, New Jersey 08071**

For the Fiscal Year Ended June 30, 2020

Prepared by:

**Borough of Pitman School
Board of Education Administration**

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INTRODUCTORY SECTION

Pitman Public Schools

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Patrick J. McAleer, Ed. D

Superintendent of Schools
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Kelly Brazelton, MBA,SFO

Business Administrator/ Board Secretary
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December 15, 2020

Judy Walker, President
Members of the Board of Education
Pitman Public Schools
420 Hudson Avenue
Pitman, New Jersey 08071

Dear Board Members:

The comprehensive annual financial report of the Pitman Public School District for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the Independent Auditor's Report, MD&A, and the basic financial statements; including the District-wide fund statements, notes to the financial statements, required supplementary information, other than MD&A, including budgetary comparison schedules, and other supplementary information. The statistical section includes selected financial and demographic information generally presented this year on a multi-year basis. The Pitman School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, and the *Uniform Administrative Requirements, Costs Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, "Audits of State and Local Governments," and the New Jersey OMB's Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The Pitman Public School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Pitman Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular as well as special education for eligible students (Pre-K through 12). The District completed the 2019-2020 fiscal year with a total enrollment of 1236 students, grades K-12, including 25 out-of-district handicapped student placements, and 270 special education students in District.

1) REPORTING ENTITY AND ITS SERVICES (CONTINUED)

In the 2006-2007 school year, the District began providing Child-care (Panther Club) for students ages 4 through Grade 5 at each of the elementary schools, enrolling approximately 75 students. At the end of the 2019-2020 school year, the Panther Club had a total of approximately 175. The District also had 21 non-resident tuition paid students for the school year.

The increase in labor costs associated with the negotiated agreement with the Pitman Education Association was a major portion of the budget increase. The Pitman Education Association represents approximately 92% of the entire work force (Negotiations were completed as of April 2015 for a five-year contract for the 2014/2015 through 2018/2019 school years). At this time the BOE is in negotiations with Pitman Education Association on a new CBA to replace the contract that expired on June 30, 2019.

Health insurance also continues to increase. The District had experienced cost increases ranging from 7% to 15% in previous years. Through negotiations, the Pitman Board of Education has been able to implement cost saving measures to offset the increases. These included increasing certain co-pays, as well as providing a payment of up to \$5,000 for individuals who wish to "sell back" their insurance plan. The District also joined a health benefit trust with thirty other districts in 2011-2012 to reduce premium increases. An alternate health insurance plan (higher co-pays and deductible options) is also now offered.

The District authorized a special election for September 29, 2009, to provide for the installation of solar energy at the high school; which is projected to reduce energy costs, as well as provide for a decrease in taxes due to the state's SREC program.

ENROLLMENT AS OF JUNE 30

FISCAL YEAR	TOTAL STUDENT ENROLLMENT
2010-2011	1,590
2011-2012	1,564
2012-2013	1,544
2013-2014	1,505
2014-2015	1,464
2015-2016	1,430
2016-2017	1,364
2017-2018	1,327
2018-2019	1,292
2019-2020	1,236

Note: The data reported above is the actual number of students on roll at the close of school as opposed to "average daily enrollment" which is listed in the statistical data section of this report.

2) ECONOMIC CONDITION AND OUTLOOK

In March 2011, the community experienced a major setback with the closing of the Sony DADC manufacturing plant, resulting in the loss of approximately 400 jobs. Sony DADC, which manufactured CD's and DVD's at the plant, is the largest property owner and taxpayer in the town.

The facility had been scaling back activity over recent years and had reached a tax settlement with the municipality that changed the property's assessed value and ratable status beginning in calendar year 2011. The change in ratable status had an impact on recent school budgets,

2) ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

resulting in an additional share of the tax increase being shifted to the remaining taxpayers, primarily homeowners. Future school budgets will be similarly impacted by the decline in assessed value of the property. The SONY property was purchased in early 2013 by a New York based company for approximately \$3 million, (deeply discounted from list price); the future use of the property is unknown at this time.

State Aid

State aid public for the 2019-2020 school year was \$9,369,721, which is a decrease of \$213,981 from 2018-2019. The District maintains no more than 2% fund balance as required by P.L. 2004. The percentage of debt service aid was 43.43% of debt service revenues.

Special Education

Federal and State mandated services and regulations continue to increase to an ever-growing population of special needs students. Providing the necessary and required services for our special education population has been recognized by the Board and Administration. The District has provided Pre-School Handicapped Inclusion classes since 2007-2008 school year. In addition, the District is still experiencing an increase in special education students with severe needs and the need to provide the least restrictive environment for students. These two issues alone require additional resources which the cost of far exceeds the changes in aid.

Federal Funding

The District's ESEA, IDEA Basic, and IDEA Pre-School funding remained relatively flat for the 2019-2020 school year.

3) MAJOR INITIATIVES

Student Achievements:

SAT Scores

	2019 PITMAN H.S. MEAN	2018 PITMAN H.S. MEAN	NEW JERSEY MEAN	USA MEAN
SAT Reading/Writing Score	556	553	479	491
SAT Math Score	529	541	479	482

PERCENTAGE OF GRADUATING STUDENTS:	2020	2019	2018	2017	2016	2015
Attending a four year college program	*	44%	40%	41%	41%	50%
Attending a two year college program	*	42%	54%	46%	46%	36%
Attending specialized training program	*	7%	3%	3%	3%	4%
Entering the work force	*	4%	3%	6%	6%	6%
Entering the military	*	3%	0%	4%	4%	2.5%

- Information was not available due to COVID-19

Graduating Student Statistics: Pitman High School Advanced Placement

In 2020, a total of 54 students took 87 exams in 11 different subject areas.

22% of exams scored 5
 51% of exams scored 4 or higher
 82% of exams scored 3 or higher

State Testing (Spring 2020)

Due to COVID-19, all NJSLA testing was suspended for this year.

3) MAJOR INITIATIVES (CONTINUED)

State Testing (Spring 2019)

NJSLA - 3

- *60% of all students passed the NJSLA - 3 Language Arts Assessment*
- *69% of all students passed the NJSLA - 3 Mathematics Assessment*

NJSLA - 4

- *69% of all students passed the Language Arts Assessment*
- *57% of all students passed the Mathematics Assessment*

NJSLA - 5

- *72% of all students passed the Language Arts Assessment*
- *50% of all students passed the Mathematics Assessment*

NJSLA - 6

- *48% of all students passed the Language Arts Assessment*
- *22% of all students passed the Mathematics Assessment*

NJSLA - 7

- *47% of all students passed the Language Arts Assessment*
- *31% of all students passed the Mathematics Assessment*

NJSLA - Grade 8

- *54% of all students passed the Language Arts Assessment*
- *26% of all students passed the Mathematics Assessment*

NJSLA - Grade 9

- *55% of all students passed the Language Arts Assessment*

NJSLA - Grade 10

- *58% of all students passed the Language Arts Assessment*

NJSLA - Grade 11

- *25% of all students passed the Language Arts Assessment*

NJSLA - Mathematic Assessment

- *58% of all students passed Algebra I*
- *17% of all students passed Algebra II*
- *21% of all students passed Geometry*

State Testing (Spring 2018)

NJSLA - 3

- *59% of all students passed the NJSLA - 3 Language Arts Assessment*
- *68% of all students passed the NJSLA - 3 Mathematics Assessment*

3) MAJOR INITIATIVES (CONTINUED)

NJSLA - 4

- 68% of all students passed the Language Arts Assessment
- 50% of all students passed the Mathematics Assessment

NJSLA - 5

- 65% of all students passed the Language Arts Assessment
- 43% of all students passed the Mathematics Assessment

NJSLA - 6

- 43% of all students passed the Language Arts Assessment
- 38% of all students passed the Mathematics Assessment

NJSLA - 7

- 42% of all students passed the Language Arts Assessment
- 27% of all students passed the Mathematics Assessment

NJSLA - Grade 8

- 56% of all students passed the Language Arts Assessment
- 30% of all students passed the Mathematics Assessment

NJSLA - Grade 9

- 55% of all students passed the Language Arts Assessment

NJSLA - Grade 10

- 45% of all students passed the Language Arts Assessment

NJSLA - Grade 11

- 36% of all students passed the Language Arts Assessment

NJSLA – Mathematics Assessment

- 55% of all students passed Algebra I
- 27% of all students passed Algebra II
- 26% of all students passed Geometry

DISTRICT GOALS:

Strategic Planning Process

The District undertook a strategic planning process during 2016-2017 and the BOE adopted that plan in September 2017. District goals centered on three areas:

- Provide a superior comprehensive educational program
- Create/maintain safe and dynamic environments for teaching and learning
- Create a culture of engagement and support for the Districts mission (finances, enrollment, communications, etc.)

The plan covers a five year period (2017-2022).

3) MAJOR INITIATIVES (CONTINUED)

Grants

E-Rate - The District continues to file applications under the Universal Service Fund (E- Rate), providing a 50% rebate on phone services and internet access. The District received discounts on phone services and internet access.

Facilities

The Administration continues to strive to maintain and upgrade the facilities in the District. The District continues to remain in compliance with code which requires 2/10ths of 1 percent of the cost of the facilities over a 10 year period to be budgeted towards required maintenance. All required paperwork has been filed with the state and the necessary budgetary procedures have been put into place.

4) INTERNAL ACCOUNTING CONTROLS

The District's Business Administrator 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 conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by the District's management team.

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

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

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 voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2020.

6) ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups which are converted from Governmental fund balances to net position. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END

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

8) DEBT ADMINISTRATION

As of June 30, 2020, the District's outstanding debt issues include the 2016 Refunding Bonds of \$3,910,000.

9) CASH MANAGEMENT

The investment policy of the District is guided in large part by the state statute as detailed in "Notes to the Financial Statements," Note 1. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. The District depository is TD Bank, N.A., where all funds earn interest from the date of deposit at the U.S. Treasury Bill rate, at the 90 day T-bill rate.

10) RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability and comprehensive/collision, hazard, and theft insurance on property and contents, worker's compensation, student insurance, and fidelity bonds.

The District is a member of the Atlantic and Cape May Counties School Business Officials Joint Insurance Fund (ACCASBOJIF). This Fund was formed under the provisions of NJSA 18A:18B 1-10. The Fund commenced operations on July 1, 1991, with sixteen member districts. Since then, the Fund had grown to a total of twenty-five members.

The ACCASBOJIF provides members with a long-term alternative to the conventional insurance marketplace and is a means of stabilizing the otherwise cyclical nature of insurance expenditures.

The Fund provides the following coverage:

- Property, including buildings, contents, inland marine, crime, boiler and machinery, and auto physical damage
- General Liability, including school board legal liability (also known as educator's legal liability)
- Automobile Liability
- Worker's Compensation
- Pollution
- Excess Liability Insurance

The Joint Insurance Fund provides coverage to its members either directly or through the commercial insurance market, through one or more of the following vehicles: excess insurance, reinsurance or an excess property and casualty joint insurance fund. In 2001-2002, the three South Jersey JIF's formed a SPELL (School Pool for Excess Legal Liability). The SPELL is a vehicle by which the JIF's can control spiraling premium costs, increases in the SIR's (self-insured retention) and replace excess insurance coverage. At this time it appears as though forming the SPELL was fortuitous due to the September 11, 2001, tragedy and the impact this subsequently has had on the insurance community.

The Joint Insurance Fund's mission statement is as follows: "The ACCASBOJIF is committed to uniting local school districts in a joint effort to better manage their risks and assure fiscal stability by providing cost-effective, comprehensive insurance coverage and minimizing losses through pro-active membership involvement in claims management and loss prevention activities excess reinsurance."

11) FUND BALANCE

The fund balance for the General Governmental Fund as of June 30, 2020, for the District (See Exhibit B-1) is \$2,386,756. \$223,641 will roll into fund balance for tax relief for the 2021-2022 budget.

12) OTHER INFORMATION

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, and the *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, "Audits of State and Local Governments," and the New Jersey OMB's 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 combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

13) CAPITAL IMPROVEMENT PLAN

The auditor's report in the basic financial statements, as well as the combining and individual fund statements and schedules, is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Funds were dedicated for projects during the 2019-2020 school year from the Maintenance Reserve Account in the amount of \$100,000.

14) ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Pitman Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation.

The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office employees. We also appreciate the guidance and advice of our treasurer.

Respectfully submitted,

Patrick J. McAleer

Patrick J. McAleer, Ed. D
Superintendent of Schools

Kelly Brazelton

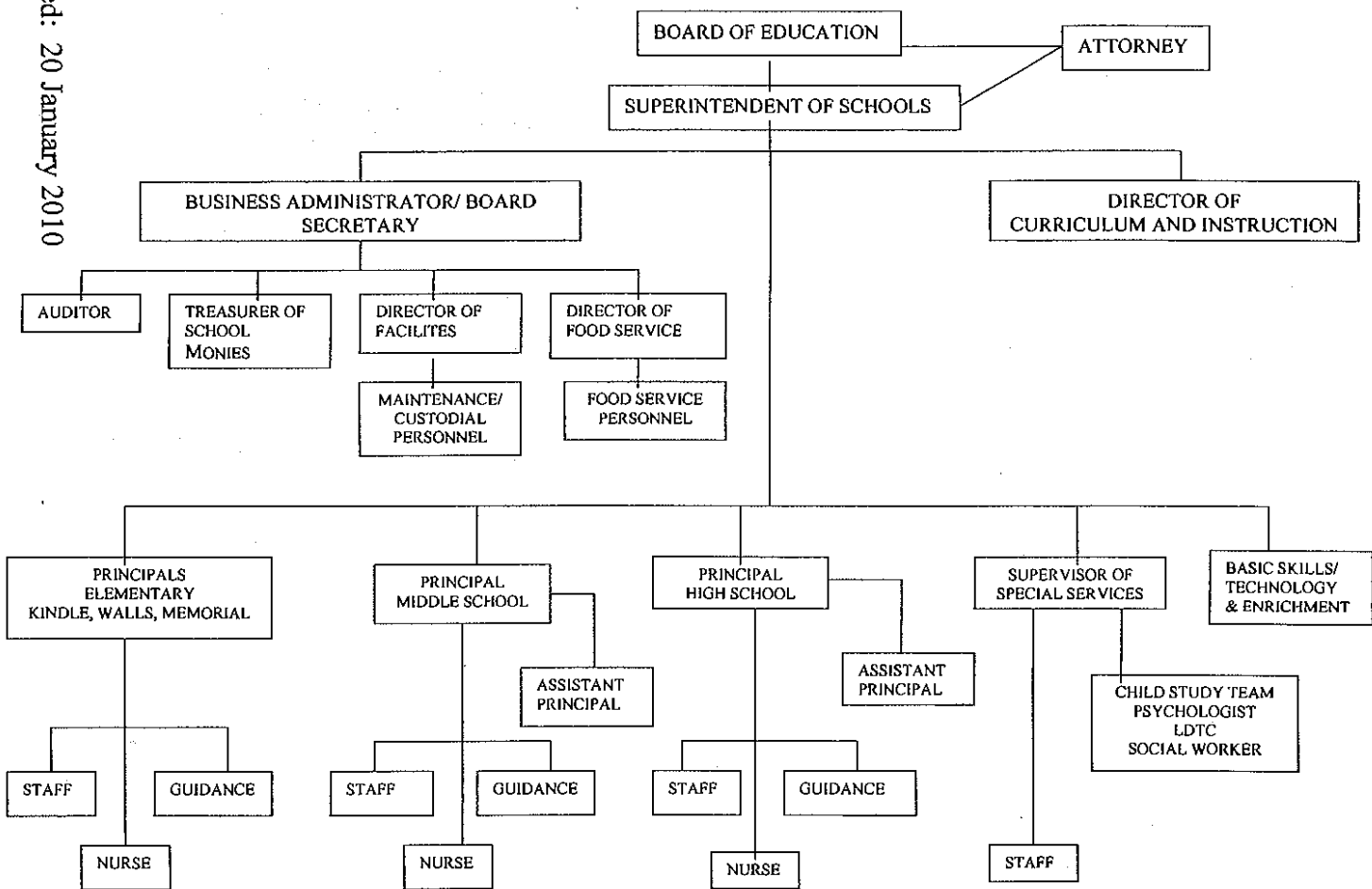
Kelly Brazelton
Business Administrator/Board Secretary

POLICY

PITMAN BOARD OF EDUCATION

ADMINISTRATION
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Organizational Chart

1110 ORGANIZATIONAL CHART



Adopted: 20 January 2010

**Pitman School District
Pitman, New Jersey**

**ROSTER OF OFFICIALS
June 30, 2020**

Board of Education Members

<u>Board Member</u>	<u>Office Held</u>	<u>Term Date</u>
Judy Walker	President	2020
Mary Beth Koniecki	Vice President	2022
Stacey Pappalardo	Board Member	2022
Darlene Powell	Board Member	2020
Bonnie Savage	Board Member	2021
Robert Uyehara, Jr.	Board Member	2022
Dr. Ruth Wilson-Doherty	Board Member	2021

OTHER OFFICIALS

Patrick J. McAleer, Superintendent of Schools

Kelly Brazelton, Business Administrator/Board Secretary

**Pitman School District
Pitman, New Jersey**

CONSULTANTS AND ADVISORS

Auditor

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102 West High Street, Suite 100
Glassboro, NJ 08028
Contact: Nick Petroni
Certified Public Accountant

Solicitor

Dan Long, Esq.
Wade, Long, Wood & Kennedy, LLC
1250 Chews Landing Road
Laurel Springs, NJ 08021

Depository

Ocean First Bank
271 Lambs Road
Sewell, NJ 08080

Risk Management Consultant

Len Eckman Inc.
302 Montgomery Avenue
Pitman, NJ 08071

FINANCIAL SECTION

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Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
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MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Borough of Pitman School District
420 Hudson Avenue
Pitman, New Jersey 08071

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 the Board of Education of the Borough of Pitman School District, in the County of Gloucester, State of New Jersey, 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 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 Board'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 opinions.

Opinions

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 Board of Education, Pitman, New Jersey, 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 and Budgetary Comparison Information* identified 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 opinions on the financial statements that collectively comprise the Borough of Pitman Board of Education's basic financial statements. The combining and individual non-major fund financial statements and 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 (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the other information, such as introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedule of expenditures of federal and state awards, is the responsibility of Management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, 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 December 15, 2020, on our consideration of the Borough of Pitman School Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Borough of Pitman School Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

December 15, 2020

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Borough of Pitman School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2020
Unaudited

This section of Pitman Public School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. Comparative financial data is presented. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This Annual Report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term and long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
- The *Governmental Funds statements* tell how *basic* services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Proprietary Funds statements* offer *short-term and long-term* financial information about activities the District operates *like businesses, such as food service*.
- *Fiduciary Funds statements* provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Borough of Pitman School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2020
Unaudited

Figure A-1
Major Features of District-Wide and Fund Financial Statements
Fund Financial Statements

	District-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/ Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liability included	All assets and liabilities both financial and capital and short-term and long-term	All assets and liabilities both short-term and long-term; PBOE's funds do not currently contain capital assets, although they can
Type of Inflow/ Outflow Information	All revenues and expenses during year regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-1 above summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Borough of Pitman School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2020
Unaudited

District-wide Financial Statements

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

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets and liabilities - are one way to measure the District's overall financial health or *position*.

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

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental Activities:* Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- *Business-type Activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program and child care programs would be included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts or completing approved capital projects) or to show that it is properly using certain revenues (such as federal and state grants).

The District has four kinds of funds:

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

Borough of Pitman School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2020
Unaudited

Fund Financial Statements (Continued)

- **Proprietary Funds** - Services for which the District charges a fee are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way as the District-wide statements. *In fact, the District's Enterprise Funds* (one type of Proprietary Fund) are the same as its Business-type Activities, but provide more detail and additional information, such as cash flow.

- **Internal Service Funds** - (*the other kind of Proprietary Fund*) are utilized to report activities that provide supplies and services for other District programs and activities and for other Districts.

- **Fiduciary Funds** - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Student Activity Fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found listed in the index of this report.

Borough of Pitman School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2020
Unaudited

Financial Analysis of the District as a Whole

	Net Position					
	FY 2020		FY 2019		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2020	FY 2019
Assets						
Current and other assets	\$ 3,680,155	\$ 349,314	\$ 2,150,197	\$ 364,373	\$ 4,029,469	\$ 2,514,570
Capital assets	9,127,930	37,418	9,606,974	42,807	9,165,348	9,649,781
Total assets	<u>12,808,085</u>	<u>386,732</u>	<u>11,757,171</u>	<u>407,180</u>	<u>13,194,817</u>	<u>12,164,351</u>
Deferred Outflows of Resources						
Deferred loss on refunding bonds	238,018		277,942		238,018	277,942
Deferred outflows related to pension	299,866		321,252		299,866	321,252
	<u>537,884</u>		<u>321,252</u>		<u>537,884</u>	<u>321,252</u>
Liabilities						
Noncurrent liabilities	6,435,570	5,365	7,293,143	3,220	6,440,935	7,296,363
Other liabilities	406,107	42,553	199,647	31,111	448,660	230,758
Net pension liability	5,554,745		6,359,142		5,554,745	6,359,142
Other OPEB obligations	403,750		395,043		403,750	395,043
Total liabilities	<u>12,800,172</u>	<u>47,918</u>	<u>14,246,975</u>	<u>34,331</u>	<u>12,848,090</u>	<u>14,281,306</u>
Deferred Inflows of Resources						
Deferred inflows related to:						
Pension	2,486,334		2,039,491		2,486,334	2,039,491
	<u>2,486,334</u>		<u>2,039,491</u>		<u>2,486,334</u>	<u>2,039,491</u>
Net Position						
Invested in capital assets, net of related debt	4,275,969	37,418	3,768,939	42,807	4,313,387	3,811,746
Restricted	2,738,724		1,540,256		2,738,724	1,540,256
Unrestricted	(9,000,060)	301,396	(9,239,296)	330,042	(8,698,664)	(8,909,254)
Total net position	<u>\$ (1,985,367)</u>	<u>\$ 338,814</u>	<u>\$ (3,930,101)</u>	<u>\$ 372,849</u>	<u>\$ (1,646,553)</u>	<u>\$ (3,557,252)</u>

Net position: The District's combined total net position is a deficit of \$1,646,553 on June 30, 2020, (see Exhibit A-1).

Borough of Pitman School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2020
Unaudited

Financial Analysis of the District as a Whole (Continued)

	Changes in Net Position					
	FY 2020		FY 2019		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2020	FY 2019
REVENUES:						
Program revenues						
Charges for services		\$ 373,926		\$ 462,752	\$ 373,926	\$ 462,752
Operating grants & contributions	\$ 603,429	163,972	\$ 575,643	156,204	767,401	731,847
General revenues						
Property taxes	14,740,158		14,269,273		14,740,158	14,269,273
Grants and entitlements	15,340,441		17,184,928		15,340,441	17,184,928
Other	304,519		423,274		304,519	423,274
Total revenue	<u>30,988,547</u>	<u>537,898</u>	<u>32,453,118</u>	<u>618,956</u>	<u>31,526,445</u>	<u>33,072,074</u>
EXPENSES:						
Instruction	10,783,095		11,726,605		10,783,095	11,726,605
Student & instructional related service	4,069,777		4,160,948		4,069,777	4,160,948
General administrative services	468,451		510,812		468,451	510,812
School administrative services	1,235,785		1,205,480		1,235,785	1,205,480
Central services	298,099		282,506		298,099	282,506
Plant operations & maintenance	1,700,203		1,840,107		1,700,203	1,840,107
Pupil transportation	323,162		684,708		323,162	684,708
Employee benefits	9,359,248		11,023,085		9,359,248	11,023,085
Interest on debt	131,607		151,414		131,607	151,414
Food service		391,601		418,849	391,601	418,849
Other business-type		298,332		299,310	298,332	299,310
Unallocated depreciation	502,958		520,816		502,958	520,816
Capital outlay	53,428		186,837		53,428	186,837
Total expenses	<u>28,925,813</u>	<u>689,933</u>	<u>32,293,318</u>	<u>718,159</u>	<u>29,615,746</u>	<u>33,011,477</u>
Transfers	<u>(118,000)</u>	<u>118,000</u>	<u>(80,000)</u>	<u>80,000</u>		
Increase (decrease) in net position	<u>\$ 1,944,734</u>	<u>\$ (34,035)</u>	<u>\$ 79,800</u>	<u>\$ (19,203)</u>	<u>\$ 1,910,699</u>	<u>\$ 60,597</u>

Changes in Net Position: The District's total revenues are \$31,526,445 for the fiscal period ended June 30, 2020, (see Exhibit A-2). Property taxes, fees charged for services (tuition, use of facility), and miscellaneous sources (interest, entrance fees) and State Formula Aid accounted for 97.6% of the District's revenue; 2.4% is derived from State and Federal Aid for specific programs.

The District's expenses are predominantly related to education and caring for students. The purely general, administrative, and central administrative activities of the District accounted for approximately 6.8% of the total expenses. Salary increases due to contractual agreement for teachers and other educational staff is included in the instruction-related costs.

Governmental Activities

Revenues for Governmental Activities were \$29,925,656 (see Exhibit B-2), while total expenses amounted to \$28,605,000 and other financing sources for transfers of \$118,000. This resulted in an increase in fund balance in governmental activities of \$1,276,976 for fiscal year 2020.

Borough of Pitman School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2020
Unaudited

Business-type Activities

Revenues for the District's Business-type Activities amounted to \$537,898. Total expenses amounted to \$689,933 and net position decreased by \$34,035 (see Exhibit B-5).

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is primarily reflected in its Governmental Funds. As the District completed the year, its Governmental Funds reported a *Combined Fund* balance of \$2,400,870, (see Exhibit B-1) which consists of General Fund balance \$2,401,203, and Debt Service (\$333). On a budgetary basis (see Exhibit C-1) the General Fund, unassigned fund balance is \$540,307. District officials continue to express concern over the lack of budgetary fund balance for emergency purposes due to the implementation of P.L. 2004 which required districts to reduce their fund balance.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget. These budget amendments fall into the following categories:

- Appropriation of maintenance reserve for various repair projects.
- Transfers between budgetary line accounts to prevent overruns.

This fiscal year completed a zero-based budgeting as implemented by the Board of Education and Administration. This process allowed us to more accurately account for our expenditures by school. Principals became more aware of their appropriation limitations and managed their individual school budgets effectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Pitman Borough School investment in capital assets for its Governmental and Business-type Activities as of June 30, 2020, amounts to \$9,165,348 (net of accumulated depreciation). Total depreciation expense for Governmental and Business-type Activities is \$567,674. The District's fiscal year 2020 capital budget does not anticipate spending any additional funds. This investment in capital assets includes land, buildings, equipment, and furniture see table below (more detailed information about capital assets can be found in Note 6 to the financial statements).

Borough of Pitman School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2020
Unaudited

Capital Assets (Continued)

	FY 2020		FY 2019		Total	
	Governmental	Business- Type	Governmental	Business- Type	FY 2020	FY 2019
	Land	\$ 101,593		\$ 101,593		\$ 101,593
Construction in progress	627,659		1,144,244		627,659	1,144,244
Land improvements	37,381		43,206		37,381	43,206
Buildings and improvements	7,710,551		7,650,735		7,710,551	7,650,735
Machinery & equipment	650,746	\$ 37,418	667,196	\$ 42,807	688,164	710,003
	\$ 9,127,930	\$ 37,418	\$ 9,606,974	\$ 42,807	\$ 9,165,348	\$ 9,649,781

Long-term Debt

As of June 30, 2020, the School District had \$6,435,570 in long-term debt. Serial bonds consist of \$3,910,000; \$878,161 loan payable; capital leases of \$822,157; premium amortized on bonds of \$308,009; and compensated absences \$517,243. (More detailed information about long-term debt can be found in the Notes to the Financial Statements.)

The state limits the amount of general obligation debt the District can issue to 4 percent of the equalized valuation of all taxable property within the District. The current limit is \$24,256,788, of which \$20,346,788 is available for the issuance of debt (see exhibit J-13).

Outstanding Debt at June 30

	FY 2020	FY 2019	Percentage Change
Refunding Bonds of 2016	\$ 3,910,000	\$ 4,510,000	-13.30%
Loan payable	878,161	886,802	
Compensated absences	517,243	350,510	47.57%
Premium amortized on bonds	308,009	359,343	-14.29%
Capital leases	822,157	1,186,488	-30.71%
Total	\$ 6,435,570	\$ 7,293,143	-11.76%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Pitman Board of Education is currently in negotiations with the Pitman Education Association for a new contract. The Pitman Education Association represents all certified staff and support staff members.
- P.L. 2004 restricts increases to the budget in total administrative costs (including fixed charges). This has and will continue to present challenges to the budgeting process. Special Education costs are an issue during each budgeting cycle. The District has experienced the need for additional resources for in-house programs.

Borough of Pitman School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2020
Unaudited

Factors Bearing on the District's Future (Continued)

- Reduction in School Funding (Senate Bill 2- adjustment aide phase out), the reduction of state aid about (\$1.5 million over several years) has created significant challenges in meeting operational costs. The District has made large cuts to teaching staff, with more cuts expected. The District will reconfigure four elementary grades configuration to create staff and program efficiencies. These cuts will result in flat or negative revenue for the next few years making it difficult to preserve programs. The District may be faced with further configuration changes, and perhaps the closing of multiple schools within a few years.
- The District has experienced sizeable enrollment declines for several years. However, due to the implementation of a 3 and 4 year old parent paid tuition program and our existing K-12 tuition program, the District has approximately 27 tuition students. Continuing decreases have impacted district staffing levels and program offerings. 11.5 teaching positions were eliminated for the 2019-2020 school year, and an additional 9 teaching positions were reduced for 2020-2021, support staff positions, and administrative positions were also impacted.
- On September 29, 2009, the Board passed a bond referendum for the funding of installation of solar panels on the Pitman High School roof. In future years the School District will generate Solar Renewable Energy Credits (SREC's) on the open market. This revenue source will be used to refund our budgeted energy costs. The SREC market has been depressed in recent years, reducing those revenues.
- The District is evaluating potential referenda and/or capital improvements through an ESIP project, as old debt will be reduced in 2024-2025. Aging buildings may be closed, and others reconfigured to meet student needs. Beginning in 2020-21 Memorial School has been reconfigured as an early childhood center and Walls and Kindle Schools were redistricted. These moves facilitated staffing cuts and other efficiencies.
- The State Legislature enacted a 2% cap on property tax increases that was in effect with the development of school district budgets for the 2020-2021 school year. Currently the District has no additional flexibility in the form of banked cap to add revenue.
- Legislation enacted in June 2011, sets employee contribution rates towards the cost of health benefits over a four-year phase-in period. This phase-in period is complete, with all employee contributions at the highest tier. While these contributions will help offset annual increases in premiums, the average rate of increases has exceeded the expected contributions. Also, the annual increase pool of contributions. It will not be impacted by Chapter 44 (health benefits) legislation will now be impacted by Chapter 44 (health benefits) legislation. The district participated in the Healthcare Trust and our base healthcare plans are already less costly than the proposed NJEHP and Garden State Plans. Due to expected opt in, to those plan employee contributions are expected to decline further, thereby shifting the difference to the Board of Education to pay.

Borough of Pitman School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2020
Unaudited

Factors Bearing on the District's Future (Continued)

- Since 2011-12, the District has joined with approximately 30 other districts as part of a health insurance trust in an effort to better control annual premium increases.

- The 2011 closing of the former Sony DADC plant (largest taxpayer) has impacted the development of school budgets. This is due to recent tax settlements between the plant's owner and the municipality that lowered their tax burden from prior years. As payment from the largest ratable in the community, it is also possible that tax abatements or similar incentives might have been necessary to attract a future tenant to purchase and develop the property. Currently, there are no current plans to develop the property, but several concepts have been discussed.

COVID-19 Pandemic

In March 2020, the World Health Organization characterized a novel strain of coronavirus, known as COVID-19, as a pandemic. Concerns related to the spread of COVID-19 and the related containment measures intended to mitigate its impact have created substantial disruption to the global economy. As part of our response to the COVID-19 pandemic, we are following business continuity processes led by our Administrative team. Our main priority is the health and safety of our students and staff. Our actions have been driven by government mandates and guidelines. In March 2020, schools were closed due to the coronavirus pandemic. Eventually, all New Jersey schools were closed for the balance of the school year and students completed their studies via remote online instruction. In preparation for the 2020-21 school year amidst the continuing pandemic, the NJ Department of Education provided school districts with guidance to prepare a restart and recovery plan. One of the requirements of this plan, per state guidance, is the provision of some degree of in-person instruction. A family opt-out provision allowing for full time remote instruction was later added to the guidance. In response, the District has developed its return to school plan for 2020-21. The plan requires the District to adequately provide reasonable accommodations for students and staff identified as being at a higher risk for severe illness from COVID-19. These accommodations will come mainly in the form of a full-virtual model for both teachers and students. The District will also rely heavily upon social distancing, mask wearing for students and staff, along with sanitation and cleaning procedures. The District expects the COVID-19 matter to impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kelly Brazelton, Business Administrator/Board Secretary, Pitman Board of Education, 420 Hudson Avenue, Pitman, NJ 08071.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	FY 2020
ASSETS			
Cash and cash equivalents	\$ 1,972,906	\$ 313,806	\$ 2,286,712
Interfund accounts receivable	31,910		31,910
Receivables, net	371,838	24,753	396,591
Inventory		10,755	10,755
Restricted assets:			
Capital reserve account - cash	390,564		390,564
Maintenance reserve - cash	912,937		912,937
Capital assets:			
Non-depreciable	729,252		729,252
Assets net of depreciation	8,398,678	37,418	8,436,096
Total assets	<u>12,808,085</u>	<u>386,732</u>	<u>13,194,817</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding bonds	238,018		238,018
Deferred outflows related to pension	299,866		299,866
Total deferred outflows of resources	<u>537,884</u>		<u>537,884</u>
LIABILITIES			
Accounts payable	397,671	9,827	407,498
Interfund accounts payable		21,900	21,900
Accrued interest payable	49,813		49,813
Unearned revenue	3,453	10,826	14,279
Noncurrent liabilities:			
Due within one year	1,753,779		1,753,779
Due beyond one year	4,681,791	5,365	4,687,156
Net pension liability	5,554,745		5,554,745
Other post-employment obligations	403,750		403,750
Total liabilities	<u>12,845,002</u>	<u>47,918</u>	<u>12,892,920</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	2,486,334		2,486,334
Total deferred inflows of resources	<u>2,486,334</u>		<u>2,486,334</u>
NET POSITION			
Invested in capital assets, net of related debt	4,275,969	37,418	4,313,387
Restricted for:			
Debt service	(333)		(333)
Capital projects	390,564		390,564
Other purposes	2,348,493		2,348,493
Unrestricted	(9,000,060)	301,396	(8,698,664)
Total net position	<u>\$ (1,985,367)</u>	<u>\$ 338,814</u>	<u>\$ (1,646,553)</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 6,938,228			\$ (6,938,228)		\$ (6,938,228)
Special education	2,979,855		\$ 517,200	(2,462,655)		(2,462,655)
Other special education	384,171			(384,171)		(384,171)
Other instruction	480,841			(480,841)		(480,841)
Support services:						
Student & instructional related services	4,069,777		44,021	(4,025,756)		(4,025,756)
General administrative services	468,451			(468,451)		(468,451)
School administrative services	1,235,785			(1,235,785)		(1,235,785)
Central services	298,099			(298,099)		(298,099)
Plant operations & maintenance	1,700,203			(1,700,203)		(1,700,203)
Pupil transportation	323,162			(323,162)		(323,162)
Employee benefits	9,359,248		42,208	(9,317,040)		(9,317,040)
Interest on long-term debt	131,607			(131,607)		(131,607)
Capital outlay	53,428			(53,428)		(53,428)
Unallocated depreciation	502,958			(502,958)		(502,958)
Total governmental activities	28,925,813		603,429	(28,322,384)		(28,322,384)
Business-type activities:						
Food service	391,601	\$ 156,589	163,972		\$ (71,040)	(71,040)
Other activities	298,332	217,337			(80,995)	(80,995)
Total business-type activities	689,933	373,926	163,972		(152,035)	(152,035)
Total primary government	\$ 29,615,746	\$ 373,926	\$ 767,401	\$ (28,322,384)	\$ (152,035)	\$ (28,474,419)
General revenues:						
Property taxes, levied for general purpose				\$ 14,314,010		\$ 14,314,010
Taxes levied for debt service				426,148		426,148
Federal and state aid not restricted				15,340,441		15,340,441
Tuition				109,247		109,247
Investment earnings				11,250		11,250
Miscellaneous income				184,022		184,022
Transfers				(118,000)	\$ 118,000	
Total general revenues, special items, extraordinary items, and transfers				30,267,118	118,000	30,385,118
Change in net position				1,944,734	(34,035)	1,910,699
Net position - beginning				(3,930,101)	392,052	(3,538,049)
Net position - end				\$ (1,985,367)	\$ 338,814	\$ (1,627,350)

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

BOROUGH OF PITMAN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2020

	Major Fund		Debt Service Fund	Totals FY 2019
	General Fund	Special Revenue Fund		
ASSETS				
Cash and cash equivalents	\$ 1,972,906			\$ 1,972,906
Interfund accounts receivable	147,715			147,715
Receivables	214,976	\$ 156,862		371,838
Restricted cash and cash equivalents	1,303,501			1,303,501
Total assets	<u>\$ 3,639,098</u>	<u>\$ 156,862</u>		<u>3,795,960</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 357,781	\$ 39,890		397,671
Deferred revenue	1,953	1,500		3,453
Loan payable	878,161			878,161
Interfund accounts payable		115,472	\$ 333	115,805
Total liabilities	<u>1,237,895</u>	<u>156,862</u>	<u>333</u>	<u>1,395,090</u>
Fund balances:				
Restricted for:				
Capital reserve account	390,564			390,564
Maintenance reserve	912,937			912,937
Excess surplus - current year	154,419			154,419
Debt service fund			(333)	(333)
Assigned fund balance:				
Other purposes	746,137			746,137
Designated for subsequent year's expenditures	535,000			535,000
Unassigned fund balance:				
General fund	(337,854)			(337,854)
Total fund balances	<u>2,401,203</u>		<u>(333)</u>	<u>2,400,870</u>
Total liabilities and fund balances	<u>\$ 3,639,098</u>	<u>\$ 156,862</u>		

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2020

	<u>FY 2020</u>
Capital assets used in Governmental Activities are not financial resources, and therefore, are not reported in the funds. The cost of assets is \$23,476,006 and the accumulated depreciation is \$14,348,076 (see Note 6).	\$ 9,127,930
Deferred bond issuance costs are expensed in Governmental Funds in the year the bonds are issued but are capitalized in the Statement of Net Position. The bond issuance costs for Series 2016 are \$32,586, the amortization is \$1,664, and the accumulated amortization is \$24,127.	8,459
Deferred loss on refunding bond costs are expensed in Governmental Funds in the year the bonds are issued but are capitalized in the Statement of Net Position. The deferred loss for Series 2016 is \$385,787, the amortization is \$38,259, and the accumulated amortization is \$156,228.	229,559
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(49,813)
Other Post-employment Benefits, are not due and payable in the current period, and therefore, are not reported as liability in the funds.	(403,750)
Net pension liability adjustment for GASB Statement No. 68 & 71	(7,741,213)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the funds (see Note 7).	(5,557,409)
Net position of Governmental Activities	<u>\$ (1,985,367)</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Major Fund			Totals FY 2020
	General Fund	Special Revenue Fund	Debt Service Fund	
REVENUES:				
Local tax levy	\$ 14,314,010		\$ 426,148	\$ 14,740,158
Tuition	109,247			109,247
Interest earned on investments	11,080			11,080
Interest earned on capital reserve funds	170			170
Miscellaneous	184,022			184,022
	<u>14,618,529</u>		<u>426,148</u>	<u>15,044,677</u>
State sources	13,889,496		327,202	14,216,698
Federal sources	60,852	\$ 603,429		664,281
Total revenues	<u>28,568,877</u>	<u>603,429</u>	<u>753,350</u>	<u>29,925,656</u>
EXPENDITURES:				
Current:				
Regular instruction	7,116,145			7,116,145
Special education instruction	2,431,355	517,200		2,948,555
Other special instruction	381,606			381,606
Other instruction	479,226			479,226
Support services & undistributed costs:				
Student & instruction related services	3,970,225	44,021		4,014,246
General administrative services	463,831			463,831
School administrative services	1,201,867			1,201,867
Central services	290,265			290,265
Plant operations and maintenance	1,680,660			1,680,660
Pupil transportation	323,162			323,162
Employee benefits	8,569,761	42,208		8,611,969
Debt service:				
Principal			600,000	600,000
Interest and other charges			153,350	153,350
Capital outlay	340,118			340,118
Total expenditures	<u>27,248,221</u>	<u>603,429</u>	<u>753,350</u>	<u>28,605,000</u>
Excess (deficiency) of revenues over expenditures	<u>1,320,656</u>			<u>1,320,656</u>
OTHER FINANCING SOURCES (USES):				
Capital leases (non-budgeted)	74,320			74,320
Other financing sources:				
Transfers to enterprise funds	(118,000)			(118,000)
Total other financing sources and uses	<u>(43,680)</u>			<u>(43,680)</u>
Net change in fund balances	1,276,976			1,276,976
Fund balance - July 1	1,124,227		(333)	1,123,894
Fund balance - June 30	<u>\$ 2,401,203</u>		<u>\$ (333)</u>	<u>\$ 2,400,870</u>

See accompanying notes to the basic financial statements.

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

Total net change in fund balances - Governmental Funds (from B-2) \$ 1,276,976

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

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Capital outlay	\$ 83,241	
Depreciation expense	(562,285)	
		(479,044)

Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

Bond principal payments	600,000	
Capital lease obligation principal payments	438,651	
Capital lease obligation proceeds	(74,320)	

Bond issuance costs are reported in the Governmental Funds as expenditures in the year the bonds are issued. However, in the Statement of Activities, the costs are amortized over the life of the bonds.

Premium on bonds	51,334	
Deferred bond issuance costs	(1,664)	
Deferred amount on refunding	(38,260)	

OPEB expenditures in the Statement of Activities differs from the amounts reported in the Governmental Funds because OPEB is recorded based on the contributions made, and thus requires the use of current financial resources. In the Statement of Activities, however, OPEB is recognized based on the annual required contribution.

(8,707)

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the Governmental Funds because interest is recorded as an expenditure in the funds when it is due, and thus requires that use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The net change in the accrued interest was an increase.

10,333

Pension contributions are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments.

336,168

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

(166,733)

Change in net position of Governmental Activities

\$ 1,944,734

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities - Enterprise Funds - Major Funds			Totals FY 2020
	Food Service	Preschool Program	Before/After School	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 14,354	\$ 2,503	\$ 296,949	\$ 313,806
Accounts receivable	21,749	3,004		24,753
Inventories	10,755			10,755
Total current assets	<u>46,858</u>	<u>5,507</u>	<u>296,949</u>	<u>349,314</u>
Noncurrent assets:				
Furniture, machinery & equipment	212,285			212,285
Less: accumulated depreciation	(174,867)			(174,867)
Total noncurrent assets	<u>37,418</u>			<u>37,418</u>
Total assets	<u>84,276</u>	<u>5,507</u>	<u>296,949</u>	<u>386,732</u>
LIABILITIES				
Current liabilities:				
Accounts payable	5,334		4,493	9,827
Interfund accounts payable	21,900			21,900
Unearned revenue	10,226	600		10,826
Compensated absences		5,365		5,365
Total current liabilities	<u>37,460</u>	<u>5,965</u>	<u>4,493</u>	<u>47,918</u>
NET POSITION				
Invested in capital assets, net of related debt	37,418			37,418
Unrestricted	9,398	(458)	292,456	301,396
Total net position	<u>\$ 46,816</u>	<u>\$ (458)</u>	<u>\$ 292,456</u>	<u>\$ 338,814</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2020

	Business-type Activities Enterprise Funds - Major Funds			Totals FY 2020
	Food Service	Preschool Program	Before/After School	
OPERATING REVENUES:				
Local sources:				
Daily sales - reimbursable programs	\$ 97,431			\$ 97,431
Daily sales - non-reimbursable programs	53,426			53,426
Special function/miscellaneous	5,732			5,732
Tuition		\$ 67,148	\$ 150,189	217,337
Total operating revenue	<u>156,589</u>	<u>67,148</u>	<u>150,189</u>	<u>373,926</u>
OPERATING EXPENSES:				
Salaries	192,218	107,943	160,370	460,531
Employee benefits	15,015		12,191	27,206
Other purchased services (400-500 series)	2,137		70	2,207
Supplies and materials	10,642		3,338	13,980
Cost of sales - reimbursable	117,473			117,473
Cost of sales - non-reimbursable	48,506			48,506
Miscellaneous other expenses	221		14,420	14,641
Depreciation	5,389			5,389
Total operating expenses	<u>391,601</u>	<u>107,943</u>	<u>190,389</u>	<u>689,933</u>
Operating income (loss)	<u>(235,012)</u>	<u>(40,795)</u>	<u>(40,200)</u>	<u>(316,007)</u>
NON-OPERATING REVENUES:				
State sources:				
National school lunch program - state	3,826			3,826
Federal sources:				
National school lunch program	102,535			102,535
School breakfast program	34,415			34,415
Special milk program	94			94
Food distribution program	23,102			23,102
Total non-operating revenues (expenses)	<u>163,972</u>			<u>163,972</u>
Transfer from general fund - Board contribution	79,690	38,310		118,000
Net income (loss)	8,650	(2,485)	(40,200)	(34,035)
Total net position - beginning	38,166	2,027	332,656	372,849
Total net position - ending	<u>\$ 46,816</u>	<u>\$ (458)</u>	<u>\$ 292,456</u>	<u>\$ 338,814</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities			Totals FY 2020
	Enterprise Funds - Major Funds			
	Food Service	Preschool Program	Before/After School	
Cash flows from operating activities:				
Receipts from customers	\$ 160,406	\$ 66,771	\$ 150,189	\$ 377,366
Payments to suppliers	(154,507)		(15,665)	(170,172)
Payments to employees	(195,438)	(102,578)	(160,370)	(458,386)
Payments for employee benefits	(15,015)		(12,191)	(27,206)
Net cash provided (used) by operating activities	<u>(204,554)</u>	<u>(35,807)</u>	<u>(38,037)</u>	<u>(278,398)</u>
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	127,255			127,255
Net cash provided by non-capital financing activities	<u>127,255</u>			<u>127,255</u>
Cash flows from investing activities:				
Capital expenditures				
Payments from general fund	79,690	38,310		118,000
Net cash provided by investing activities	<u>79,690</u>	<u>38,310</u>		<u>118,000</u>
Net increase in cash and cash equivalents	2,391	2,503	(38,037)	(33,143)
Cash and cash equivalents - July 1	11,963		334,986	346,949
Cash and cash equivalents - June 30	<u>\$ 14,354</u>	<u>\$ 2,503</u>	<u>\$ 296,949</u>	<u>\$ 313,806</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (235,012)	\$ (40,795)	\$ (40,200)	\$ (316,007)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	5,389			5,389
Food distribution program	23,102			23,102
Change in assets and liabilities:				
(Increase) decrease in accts. receivable	(370)	(377)		(747)
(Increase) decrease in inventory	(3,722)			(3,722)
Increase in accounts payable	5,092		2,163	7,255
Increase in intergovernmental accounts payable				
Increase in compensated absences	(3,220)	5,365		2,145
Increase (decrease) in deferred revenue	4,187			4,187
	<u>\$ (204,554)</u>	<u>\$ (35,807)</u>	<u>\$ (38,037)</u>	<u>\$ (278,398)</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2020

	Unemployment Compensation Trust Fund	Agency Funds	Totals <u>FY 2020</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 335,807	\$ 152,969	\$ 488,776
Total assets	<u>\$ 335,807</u>	<u>152,969</u>	<u>488,776</u>
LIABILITIES			
Current liabilities:			
Payroll deductions and withholdings		5,063	5,063
Due to student groups		137,896	137,896
Interfund payables:			
General fund		10,010	10,010
Total current liabilities		<u>152,969</u>	<u>152,969</u>
NET POSITION			
Held in trust for unemployment	<u>\$ 335,807</u>		<u>\$ 335,807</u>

See accompanying notes to the basic financial statements.

BOROUGH OF PITMAN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2020

	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS:	
Contributions:	
Plan members	\$ 23,555
Total contributions	<u>23,555</u>
Investment earnings:	
Interest	1,318
Total additions	<u>1,318</u>
DEDUCTIONS:	
Unemployment claims	20,064
Change in net position	<u>4,809</u>
Net position - beginning of year	<u>330,998</u>
Net position - end of year	<u><u>\$ 335,807</u></u>

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Borough of Pitman School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education of the Borough of Pitman School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to Governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing Governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in (GAAP) and used by the District are discussed below.

A. Reporting Entity

The Borough of Pitman School District is a Type II District located in the County of Gloucester, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. The purpose of the District is to educate students in grades K-12.

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

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

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

B. Government-wide Statements

The School District's basic financial statements include both Government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the Government-wide and fund financial statements categorize primary activities as either Governmental or Business-type. The District's general, special revenue, capital projects, and debt service are classified as Governmental Activities. The District's food service, before and after school, and preschool programs are classified as Business-type Activities.

In the Government-wide Statement of Net Position, both the Governmental and Business-type Activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide Statements (Continued)

The Government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and Business-type Activities (food service and childcare). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating, and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student, and instruction related services, etc.) or Business-type Activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or Business-type Activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does allocate indirect costs such as depreciation expense, on-behalf TPAF Pension contributions, and TPAF Social Security Contributions.

The Government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The Government-wide statements do not include fiduciary activities.

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The District reports the following Governmental Funds:

GOVERNMENTAL FUNDS

The focus of the Governmental Funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District:

General Fund - The General Fund is the general operating fund of the District. It 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 Subfund.

As required by the New Jersey State Department of Education, the District included 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,

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund (Continued) - construction of buildings, additions to or remodeling of buildings, and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

PROPRIETARY FUNDS

The focus of the Proprietary Funds' measurement is upon the determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following are descriptions of the Proprietary Funds of the District:

Enterprise Funds - The Enterprise Funds account for all revenues and expenses pertaining to the Board's 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 on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Funds are comprised of the Food Service Fund, Before and After School Fund, and the Preschool Program Fund.

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments and, therefore, not available to support District programs. The reporting focus is on net position. Changes in net position and are reported using accounting principles similar to Proprietary Funds.

The emphasis in fund financial statements is on the Major Funds in either the Governmental or Business-type Activities categories. Non-major Funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIDUCIARY FUNDS (CONTINUED)

expenditures/expenses of either fund category or the Governmental and Enterprise combined) for the determination of Major Funds. The Non-major Funds are combined in a column in the fund financial statements.

The District's Fiduciary Funds are presented in the Fiduciary Fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Government, these funds are not incorporated into the Government-wide statements.

The Fiduciary Funds include Student Activity Fund, Payroll, and Payroll Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It also related to the timing of the measurement made regardless of the measurement focus applied.

Both Governmental and Business-type Activities in the Government-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

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. Cash and Cash Equivalent

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts, and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents (Continued)

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 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 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 savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Inventories

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in first-out method. Inventory in the Food Service Fund at June 30, 2020, consisted of the following:

Food	\$ 6,350
Commodities	4,227
Supplies	<u>178</u>
	<u><u>\$ 10,755</u></u>

The value of Federal donated commodities are reflected in Schedule A (required by Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical costs or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is computed using the straight-line method over the estimated useful lives:

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Site improvements	15-20
Building & improvements	20-50
Machinery & equipment	5-20

GASB No. 34 requires the District to report and depreciated new infrastructure assets. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical costs nor related depreciation has historically been reporting the financial statements. The District has included infrastructure assets in the current fiscal year.

H. Revenues

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its School District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive money under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to Proprietary Funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

I. Expenditures

Expenses are recognized when the related fund liability is incurred. Inventory costs reported in the period when inventory items are used, rather than in the period purchased.

J. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted in the period in which such services are rendered or in which such events take place.

In Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability, in the fund that will pay for the compensated absences. The remainder of the compensated absence liability is reported in the District-wide financial statements as a Governmental Activity.

In Proprietary and similar Trust Funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Interfund Receivables/Payables

Transfers between Governmental and Business-type Activities on the District-wide financial statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Position, except for amounts due between Governmental and Business-type Activities or Governmental and Agency Funds, which are presented as internal balances.

L. Accrued Salaries and Wages

None of the School District's employees who provide services to the District over the ten month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year.

M. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the fall of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office for approval and are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election in November. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. 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 NJAC 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances, require approval by the County Superintendent of Schools. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

Formal budgetary integration into the accounting system is employed as a management control device during the 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.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Budgets/Budgetary Control (Continued)

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grants 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.

N. 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 Special Revenue Fund, are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund, for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

O. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

P. Accrued Liabilities and Long-Term Obligations

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

Q. Allocation of Indirect Expenses

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

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Extraordinary and Special Items

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

S. Use of Estimates

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

T. Net Position

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

U. Fund Balance Reserves

Fund Balance - The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications and policies for determining such classifications are as follows:

Non-spendable - The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amount.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fund Balance Reserves (Continued)

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - The unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an 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.

V. Recent Accounting Pronouncements Adopted

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). This Statement, originally effective for period's beginning after June 15, 2018, is postponed until June 15, 2019.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." This Statement, originally effective for periods beginning after June 15, 2018, is postponed until June 15, 2019.

W. Recent Effective Accounting Pronouncements Postponed by Statement 95

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As a result of GASB 95, the effective dates of the following statements are postponed by one year:

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement originally effective for periods beginning after December 31, 2018, is postponed until December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**W. Recent Effective Accounting Pronouncements Postponed by Statement 95
(Continued)**

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61." This Statement, originally effective for periods beginning after December 15, 2018, is postponed until December 15, 2019, and will not have any effect on financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020." This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021. Management has not yet determined the impact of this Statement on the financial Statements.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rate." This Statement, except for paragraph 11b originally effective for periods beginning after June 15, 2020, is postponed until June 15, 2021. The requirement in paragraph 11b originally effective for periods beginning after December 31, 2021, is postponed until December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

X. Recent Accounting Pronouncements Not Yet Effective

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until June 15, 2021, due to the issuance of Statement No. 95. Management expects this Statement will have an impact on the financial statements.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until December 15, 2020, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The objective of this Statement is to improve financial reporting by addressing issues related to

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Recent Accounting Pronouncements Not Yet Effective (Continued)

public-private and public-public partnership arrangements (PPPs). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements." This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." This Statement provides guidance on the accounting and financial reporting related to the reporting of fiduciary component units. This Statement is effective for periods beginning after June 15, 2021. Management does not expect this Statement will have a significant impact on the financial statements.

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents as of June 30, 2020 and 2019, was \$4,078,989 and \$2,703,704. As of June 30, 2020 and 2019, \$0 of the District's bank balance of \$4,355,765 and \$2,872,348, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2020 and 2019, the District did not have any investments.

Interest Rate Risk - The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk - NJSA 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of Federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local Government investment pools or repurchase of fully collateralized securities.

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one issuer.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4: RECEIVABLES

Receivables at June 30, 2020, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State aid	\$ 197,075	\$ 1,088
Other	17,114	4,461
Federal aid	157,649	19,204
	<u>\$ 371,838</u>	<u>\$ 24,753</u>

NOTE 5: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education by inclusion of \$100,000 on October 10, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2.

Pursuant to NJAC 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The June 30, 2020, LRFP balance does not exceed the capital reserve balance.

Beginning balance, July 1, 2019	\$ 490,394
Interest earnings	170
Withdrawals -	
Budget	(100,000)
Ending balance, June 30, 2020	<u>\$ 390,564</u>

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2020.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2019	Additions	Disposals/ Adjustments	Balance June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 1,144,244		\$ 516,585	\$ 627,659
Sites (land)	101,593			101,593
Total capital assets not being depreciated	<u>1,245,837</u>		<u>516,585</u>	<u>729,252</u>
Land improvements	925,211			925,211
Building & building improvements	19,096,637	\$ 516,585		19,613,222
Machinery & equipment	<u>2,125,080</u>	<u>83,241</u>		<u>2,208,321</u>
Totals at historical cost	<u>22,146,928</u>	<u>599,826</u>		<u>22,746,754</u>
Less: accumulated depreciation				
Land improvements	(882,005)	(5,825)		(887,830)
Building & building improvements	(11,445,902)	(456,769)		(11,902,671)
Machinery & equipment	<u>(1,457,884)</u>	<u>(99,691)</u>		<u>(1,557,575)</u>
Total accumulated depreciation	<u>(13,785,791)</u>	<u>(562,285)</u>		<u>(14,348,076)</u>
Governmental activities capital assets, net	<u>\$ 9,606,974</u>	<u>\$ 37,541</u>	<u>\$ 516,585</u>	<u>\$ 9,127,930</u>
Business-type activities:				
Machinery & equipment	\$ 212,285			\$ 212,285
Less: accumulated depreciation	<u>(169,478)</u>	<u>\$ (5,389)</u>		<u>(174,867)</u>
Business-type capital assets, net	<u>\$ 42,807</u>	<u>\$ (5,389)</u>	<u>None</u>	<u>\$ 37,418</u>

Depreciation was charged to the following Governmental programs:

Instruction - regular	\$ 4,595
Instruction - other	1,615
Support administration	28,300
Operation and maintenance	24,817
Unallocated	<u>502,958</u>
Total	<u>\$ 562,285</u>

NOTE 7: GENERAL LONG-TERM DEBT

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

Advance Refunding

On June 2, 2006, the District issued \$5,860,000 in Refunding Bonds with a net interest cost of 1.919923% to advance refund; \$1,280,000 of outstanding 2005 Refunding School Bonds with an average interest rate of 2.86%; \$3,594,000 of outstanding 2006 school bonds with an average interest rate of 3.59%; \$1,005,000 of outstanding 2009 school bonds with an interest rate of 3.77%.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Advance Refunding (Continued)

The net proceeds of \$6,264,787, including a premium on the bonds of \$517,626 and net of payments of \$32,230 in underwriting fees and \$80,609 of issuance costs, were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for part of future debt service payments when due. Payable in annual installments through August 1, 2025. Interest is paid semi-annually at varying rates ranging from 3% to 4% per annum. The balance remaining as of June 30, 2020, was \$3,910,000.

Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due Within One Year
Compensated absences	\$ 350,510	\$ 206,297	\$ 39,564	\$ 517,243	
Capital leases	1,186,488	74,320	438,651	822,157	\$ 204,283
Premium on bond sale	359,343		51,334	308,009	51,335
Loan payable	886,802	878,161	886,802	878,161	878,161
Serial bonds payable	4,510,000		600,000	3,910,000	620,000
	<u>\$ 7,293,143</u>	<u>\$ 1,158,778</u>	<u>\$ 2,016,351</u>	<u>\$ 6,435,570</u>	<u>\$ 1,753,779</u>

The District has leases for floor machines and building projects. Lease terms range from three to five years. Interest rates vary from 2.62% to 7.497%, see Exhibit I-2. The following is a schedule of the future minimum lease payments under their capital leases:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 204,284	\$ 20,870	\$ 225,154
2022	209,300	16,749	226,049
2023	201,645	10,705	212,350
2024	206,928	5,422	212,350
	<u>\$ 822,157</u>	<u>\$ 53,746</u>	<u>\$ 875,903</u>

Bonds Payable

Principal and interest due on serial bonds outstanding is as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 625,000	\$ 131,950	\$ 756,950
2022	640,000	109,875	749,875
2023	665,000	86,900	751,900
2024	700,000	59,600	759,600
2025	1,280,000	39,600	1,319,600
	<u>\$ 3,910,000</u>	<u>\$ 427,925</u>	<u>\$ 4,337,925</u>

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Bonds Authorized but Not Issued

As of June 30, 2020, the Board has \$0 of bonds authorized but not issued.

Other

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

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

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

For the year ended June 30, 2020, it is not necessary for the Board to establish a liability for arbitrage rebate.

A portion of compensated absences are recorded as long-term liabilities due in more than one year.

NOTE 8: PENSION FUNDS

Description of Plans - All eligible employees of the District are covered by the Public Employees' Retirement System (PERS), or Teachers' Pension and Annuity Fund (TPAF) a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8: PENSION FUNDS (CONTINUED)

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

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The TPAF and PERS provide for employee contributions of 7.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The District's contributions to the PERS for the years ending June 30, 2020, 2019, and 2018, were \$301,232, \$322,693, and \$312,538, respectively, equal to the required contributions for each year. The School District's employer share of the TPAF for the years ending June 30, 2020, 2019, and 2018, were \$3,506,385, \$3,432,309, and \$2,348,797, respectively, and paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2020, 2019, and 2018, was \$15,515,788, \$16,659,606, and \$16,427,562; covered payroll for the TPAF was \$11,565,440, \$12,275,856, and \$12,962,070; the PERS was \$2,302,148, \$2,382,131, and \$2,382,131.

Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board for the years ending June 30, 2020, 2019, and 2018, \$835,624, \$886,757, and \$894,690, for the employer's share of Social Security contributions for the TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, 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 in GASB 27.

For the year ended June 30, 2020, the District recognized pension expense of (\$36,304). As of June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the PERS from the following sources:

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8: PENSION FUNDS (CONTINUED)

Funding Policy (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		\$ 1,776,536
Net difference between expected and actual experience		61,718
Net difference between projected and actual earnings on pension plan investments		148,770
Changes in proportion and differences between District contributions and proportionate share of contributions		499,310
District contributions subsequent to the measurement date	\$ 299,866	
	\$ 299,866	\$ 2,486,334

\$299,866 reported as deferred outflows of resources related to pensions, resulting from School District contributions, subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	\$ (519,310)
2022	(927,111)
2023	(684,824)
2024	(323,976)
2025	(31,113)
Thereafter	0
	\$ (2,486,334)

Additional information – Collective balances as of June 30, 2019 and 2018, are as follows:

	June 30, 2019	June 30, 2018
Collective deferred outflows of resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
District's proportion	0.0308280379%	0.0322971200%

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8: PENSION FUNDS (CONTINUED)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The District's contributions to the DCRP for the years ending June 30, 2020, 2019, and 2018, were \$15,078, \$16,561, and \$11,391 for covered employees.

NOTE 9: POSTEMPLOYMENT 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 year 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 Alternate 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.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 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 2018 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

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9: POSTEMPLOYMENT BENEFITS (CONTINUED)

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 No. 75.

Total Non-Employer OPEB Liability

The State of New Jersey, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the School 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 board of education/board of trustees. The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2020, was \$61,045,630. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability. Note that actual numbers will be published in the NJ State's CAFR at: <https://www.state.nj.us/treasury/pensions/gasb-notices.shtml>.

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2019, actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	Differs by pension group (e.g. - PERS, TPAF) See Actuarial Assumptions in the Notes to Required Supplementary Information - Note 4
Discount rate	3.50%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

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

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9: POSTEMPLOYMENT BENEFITS (CONTINUED)

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, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

The below table summarizes the changes in the Total OPEB liability reported by the State of New Jersey:

	Total OPEB Liability	
	June 30, 2018	June 30, 2019
Balance at June 30	\$ 53,639,841,858	\$ 46,110,832,982
Changes for the year:		
Service cost	1,984,642,729	1,734,404,850
Interest	1,970,236,232	1,827,787,206
Changes of benefit terms	-	-
Differences between expected and actual experience	(5,002,065,740)	(7,323,140,818)
Changes in assumptions or other inputs	(5,291,448,855)	622,184,027
Contributions - Member	42,614,005	37,971,171
Benefit payments	(1,232,987,247)	(1,280,958,373)
Net changes	(7,529,008,876)	(4,381,751,937)
Balance at June 30	\$ 46,110,832,982	\$ 41,729,081,045

There were no changes in benefit terms from 2017 to 2018 and 2019.

Changes in assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018 to 3.50% in 2019.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate -

The State's proportionate share of the total non-employer OPEB liability as of June 30, 2019, associated with the School District using a discount rate of 3.50%, as well as using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current discount rate.

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
Total OPEB Liability (School Retirees)	\$ 72,119,013	\$ 61,045,630	\$ 52,249,542

Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Cost

Trend Rates - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2019, associated with the School District, using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9: POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Cost Trend Rates (Continued)

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability (School Retirees)	\$ 50,298,878	\$ 61,045,630	\$ 75,272,123

Additional information – Collective balances as of June 30, 2019 and 2018, are as follows:

	June 30, 2019	June 30, 2018
Collective deferred outflows of resources	\$ 1,921,145,183	\$ 1,377,313,892
Collective deferred inflows of resources	20,887,639,826	16,189,378,926
Collective OPEB Expense	1,015,664,874	2,129,660,368
District's proportion	0.15%	0.15%

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

For the fiscal year ended June 30, 2020, the Board of Education recognized \$1,062,891 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense associated with the School District. This expense and revenue were based on the OPEB Plan's June 30, 2019, measurement date.

In accordance with GASB No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. As of June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ (10,484,965,300)
Changes of assumptions or other inputs		(8,481,529,343)
Total	None	\$ (18,966,494,643)

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

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9: POSTEMPLOYMENT BENEFITS (CONTINUED)

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

<u>Year Ended June 30,</u>		
2020	\$	(2,546,527,182)
2021		(2,546,527,182)
2022		(2,546,527,182)
2023		(2,546,527,182)
2024		(2,546,527,182)
Thereafter		<u>(6,233,858,733)</u>
	<u>\$</u>	<u>(18,966,494,643)</u>

NOTE 10: LABOR CONTRACTS

As of June 30, 2020, the District’s teachers, school nurses, LDT-C, social workers, guidance counselors, and psychologists are organized in the Pitman Education Association collective bargaining unit which expired on June 30, 2019, and the Pitman Administrator’s Association collective bargaining unit expired on June 30, 2020.

NOTE 11: DEFERRED COMPENSATION

The Board offers its employees a choice of various 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:

Lincoln Investment Planning, Inc.	MetLife
MetLife Universal-Travelers	Voya Financial

NOTE 12: COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District’s personnel policies. The District’s policy permits Association employees to accumulate 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 if the employee has a minimum of 100 days in accordance with District’s agreements with the various employee unions. The District uses the vesting method to record the liability.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12: COMPENSATED ABSENCES (CONTINUED)

For the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The liability for compensated absences in the Governmental Fund as of June 30, 2020, is \$517,243. The liability for compensated absences in the Preschool Fund as of June 30, 2020, is \$5,365.

NOTE 13: EMPLOYEE BENEFITS

The District established and maintains a cafeteria plan for health benefits required by NJSA 18A:16-19.1 as amended by P.L. 2011, c.78, s.51. The District entered into a pre-tax benefits plan with AFLAC. The medical care reimbursement plan maximum amount for staff was \$2,500 for medical and \$5,000 for dependent care.

NOTE 14: 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 surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the current fiscal year, the District did not incur claims in excess of coverage amounts.

The District is a member of the New Jersey School Boards Association Insurance Group - ERIC - South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Worker's Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

New Jersey Unemployment Compensation Insurance:

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The table below is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the District's expendable trust fund for the current and previous two years:

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance (Continued):

Fiscal Year	Interest		Employee		Amount Reimbursed	Ending Balance
	Contributions	Other	Contributions			
2019-2020	\$ 1,318		\$ 23,555		\$ 20,064	\$ 335,807
2018-2019	1,318		27,223		34,072	330,998
2017-2018	1,337	\$ 6,694	27,680		36,005	336,529

NOTE 15: OPERATING LEASES

The District has commitments to lease copy machines under non-cancelable operating leases spanning 48 months. Monthly payments range from \$147-\$2,776 a month per machine. The District also has a commitment for a postage machine under non-cancelable operating leases spanning 60 months at a monthly payment of \$57. Total lease payments made during the year ended June 30, 2020, amounted to \$35,764. Future minimum lease payments are as follows:

Year Ended June 30,	Amount
2021	\$ 44,758
2022	11,103
2023	10,761
2024	8,994
	<u>\$ 75,616</u>

NOTE 16: FUND BALANCE APPROPRIATED

Restrictions of fund balances of Governmental Funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used/spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the General Fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below:

Non-Spendable Fund Balance - The District had no non-spendable fund balance as of June 30, 2020.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 16: FUND BALANCE APPROPRIATED (CONTINUED)

Restricted Fund Balance:

Capital Reserve Account - Of the \$390,564 balance in the capital reserve account at June 30, 2020, \$390,564 has been designated for utilization in the 2020-2021 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long-range facilities plan.

Maintenance Reserve Account - Of the \$912,937 balance in the maintenance reserve account as of June 30, 2020, \$912,937 has been designated for utilization in the 2020-2021 budget. These funds are restricted for required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (NJSA 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

Excess Surplus - As of June 30, 2020, excess surplus created in FY 2019 of \$0 will be utilized for expenditures in the 2020-2021 budget, while excess surplus created in FY 2020 of \$154,419 is restricted and will be utilized for budget expenditures in 2021-2022.

Debt Service Fund - As of June 30, 2020, there was a (\$333) fund balance which will be cleared at the next meeting.

Committed Fund Balance - The District had no fund balance as of June 30, 2020.

Assigned Fund Balance - As of June 30, 2020, the District has assigned \$1,281,137 of General Fund balance; \$535,000 has been designated for utilization in the 2020-2021 budget; \$746,137 was assigned for other purposes as of the year-end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance - As of June 30, 2020, the District has (\$337,854) of unassigned fund balance in the General Fund.

NOTE 17: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund, fund balance, at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance as of June 30, 2020, is \$154,419.

NOTE 18: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$337,854 (Exhibit B-1) in the General Fund and \$333 in the Debt Service Fund as of June 30, 2020, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event the June state school aid payments are not made until the following school budget year, districts must record the last June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the state is recording

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 18: DEFICIT FUND BALANCES

the June state aid payments in the subsequent fiscal year, the School District cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

NOTE 19: ECONOMIC DEPENDENCY

The District is heavily reliant on state aid and local tax levy to fund the District operations. State sources funded approximately 47.5% and taxes fund 49.3% of the District's 2019-2020 governmental operations excluding capital projects.

NOTE 20: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remain on the balance sheet as of June 30, 2020:

	Interfund	
	Receivable	Payable
General fund	\$ 147,715	
Food service fund		\$ 21,900
Debt service fund		333
Special revenue fund		115,472
Payroll and agency		10,010
	\$ 147,715	\$ 147,715

The interfund is a result of advance funding of the Section 125 Plan for payroll agency and for cash flow purposes for enterprise funds.

NOTE 21: POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description - Borough of Pitman School District, New Jersey Postemployment Healthcare Benefit Plan is a single-employer defined benefit healthcare plan administered by AmeriHealth. Current retirees receive medical and prescription drug coverage from an AmeriHealth Traditional Plan. One retiree receives medical, prescription drug, and limited dental coverage under a Horizon Medicare Blue Plan. Current retirees and current surviving spouses receive coverage for life. No current active employees are eligible for post-retirement healthcare benefits.

Funding Policy - Retirees contribute \$25 per month towards their healthcare premiums, which cover medical, prescription drug, and vision benefits. The rest of the premiums are paid by the Board. The individual contribution requirements of the healthcare plan were established by negotiated labor contracts. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2020 the School District contributed \$65,163 to the plan for current premiums.

As of June 30, 2020, there were 6 retirees receiving post-retirement healthcare benefits.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 21: POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Total OPEB Liability - Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

ACTUARIAL ASSUMPTIONS AND METHODS

The actuarial assumptions used to value the postretirement medical liabilities can be categorized into three groups:

- Economic Assumptions – the discount rate and health care cost trend rates.
- Benefit assumptions – the initial per capita cost rates for medical and prescription drug coverage.
- Demographic assumptions – including the probabilities of retiring, dying, terminating (without a benefit), becoming disabled, recovery from disability, election (participating rates), and coverage levels.

Actuarial assumptions were based on the actual experience of the covered group, to the extent that creditable experience data was available, with an emphasis on expected long-term future trends rather than giving undue weight to recent past experience. The reasonableness of each actuarial assumption was considered independently, based on its own merits, its consistency with each other assumption, and the combined impact of all assumptions.

ECONOMIC ASSUMPTIONS

The two primary economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

GASB 75 Discount Rate

The discount rate for unfunded plans should be the single rate that reflects a yield or index rate for 20-year, tax exempt general obligations municipal bonds with an average rating of AA/AAa or higher (or an equivalent quality on another scale). The plan is currently unfunded. We used the “20-Bond GO Index” to establish a discount rate for FY 2020 and 2019 of 2.2% and 3.50%, respectively.

Health Care Cost Trend Rates

Plan premium rates are assumed to increase at 6% and 4.5% per annum for AmeriHealth and Horizon, respectively.

BENEFIT ASSUMPTIONS

The valuation projects the cost to the Board of providing medical benefits to a closed group of retirees.

Monthly Per Capita Claims Cost

The monthly premium rates for the annual periods beginning July 1, 2019, are as follows:

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 21: POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

DEMOGRAPHIC ASSUMPTIONS

Period	AmeriHealth Traditional	Horizon Medicare Blue
July 1, 2019 - June 30, 2020	1,034.97	405.36

Mortality

Sex-distinct RP-2014 Healthy White-Collar Annuitants Mortality Table (head-counted weighted) projected with scale MP-2019.

Retirement Rates

N/A

Withdrawal

N/A

Participation Rates

N/A

Spousal/Dependent Coverage

None

Expenses

No administrative expenses above those included in the above per capita claims' costs are assumed in the valuation.

Decrement Timing

All decrements and benefit payments are assumed to occur at the middle of the year.

Methods

GASB 75 Actuarial Cost Method

The actuarial cost method used to determine the plan's cost is the Entry Age Normal Cost Method. Under the entry age normal cost method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The Service Cost is the portion of this actuarial present value allocated to a valuation year. The Total Pension Liability is the portion of this actuarial present value not provided for at the valuation date by the actuarial present value of future service costs.

Asset Valuation Method

The plan is currently unfunded.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 21: POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

	Total OPEB Liability	
	6/30/2019	6/30/2020
Total OPEB liability at beginning of year	\$ 301,051	\$ 395,043
Changes for the year:		
Service cost		
Interest	10,363	12,686
Benefit payments	(49,406)	(65,163)
Administrative expenses		
Actuarial assumption changes	3,633	16,233
Actuarial demographic (gain) or loss	129,402	44,951
Plan amendments		
Net changes	93,992	8,707
Total OPEB liability at end of year	\$ 395,043	\$ 403,750

	6/30/2019	6/30/2020
Changes in plan fiduciary net position during the year		
Fair value of plan assets at beginning of year		
Employer contributions	\$ 49,406	\$ 65,163
Benefit payments	(49,406)	(65,163)
Projects investment returns over the year	-	-
Plan asset gain or (loss)	-	-
Administrative expenses	-	-
Fair value of plan assets at end of year	-	-
Net OPEB liability at end of year	395,043	403,750

	6/30/2019	6/30/2020
Net OPEB liability at end of year, calculated using a discount rate that is:		
1-Percentage point higher	\$ 378,102	\$ 386,814
1-Percentage point lower	413,446	422,121
Net OPEB liability at end of year, calculated using a healthcare cost trend rate that is:		
1-Percentage point higher	411,189	419,576
1-Percentage point lower	379,845	388,818

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 22: INVESTMENT IN SOLAR RENEWABLE ENERGY CERTIFICATES (SREC'S)

The SREC program provides a means for Solar Renewable Energy Certificates (SREC's) to be created for every megawatt-hour of solar electricity created. The SREC is sold separately from the electricity and represents the "solar" aspect of the electricity that was produced. The value of a SREC is determined by the market subject to supply and demand constraints. The SREC's can be sold to electricity suppliers needing to meet their solar RPS requirement. The market is typically capped by a fine or solar alternative compliance payment paid by any electricity suppliers for every SREC they fall short of the requirement.

The School District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quotes prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. As of June 30, 2020, the investment in SREC's was \$0. All SREC's available as of June 30, 2020, were sold by year-end and no amount was recorded as a receivable.

NOTE 23: TAX ABATEMENTS

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

For a local school district Board of Education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Borough of Pitman did not have any tax abatements for the year ended December 31, 2019.

NOTE 24: COMMITMENTS AND CONTINGENCIES

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

BOROUGH OF PITMAN SCHOOL DISTRICT
Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Three Fiscal Years

	Fiscal Year Ended		
	2020	2019	2018
Total OPEB liability			
Service cost	\$ 2,249,485	\$ 2,482,595	\$ 3,000,040
Interest	2,700,923	2,889,190	2,508,233
Changes of benefit terms			
Differences between expected and actual experience	(11,438,972)	(6,405,154)	
Changes of assumptions or other inputs	910,195	(7,854,104)	(10,531,209)
Member contributions	55,548	63,252	67,461
Benefit payments	(1,873,919)	(1,830,125)	(1,832,048)
Net change in total OPEB liability	(7,396,740)	(10,654,346)	(6,787,523)
Total OPEB liability - beginning	68,442,370	79,096,716	85,884,239
Total OPEB liability - ending	<u>\$ 61,045,630</u>	<u>\$ 68,442,370</u>	<u>\$ 79,096,716</u>
Covered employee payroll	\$ 14,499,469	\$ 15,344,201	\$ 15,364,017
Total OPEB liability as a percentage of covered employee payroll	421.02%	446.05%	514.82%

Notes to Schedule:*Changes of benefit terms:*

There were no changes in benefit terms during the year.

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used in the period:

Discount	3.50%	3.87%	3.58%
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REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF PITMAN SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 14,314,010		\$ 14,314,010	\$ 14,314,010	
Tuition from individuals	100,000		100,000	65,768	\$ (34,232)
Tuition from other LEA's within the state				43,479	43,479
Interest on investments	12,880		12,880	11,080	(1,800)
Interest on capital reserve funds				170	170
Miscellaneous	161,500		161,500	184,022	22,522
Total - local sources	14,588,390		14,588,390	14,618,529	30,139
State sources:					
Transportation aid	148,522		148,522	148,522	
Extraordinary aid	75,000		75,000	158,669	83,669
Special education aid	925,239		925,239	925,239	
Equalization aid	7,117,182		7,117,182	7,117,182	
Security aid	142,285		142,285	142,285	
Adjustment aid	1,038,706		1,038,706	1,038,706	
Teachers' pension and annuity fund (on-behalf non-budgeted)				2,556,338	2,556,338
TPAF post-retirement medical (on-behalf non-budgeted)				948,355	948,355
TPAF long-term disability insurance (on-behalf non-budgeted)				1,692	1,692
Reimbursed TPAF social security contributions (non-budgeted)				835,624	835,624
Total - State sources	9,446,934		9,446,934	13,872,612	4,425,678
Federal sources:					
Medical assistance program	38,941		38,941	60,852	21,911
Total - federal sources	38,941		38,941	60,852	21,911
Total revenues	\$ 24,074,265	None	\$ 24,074,265	\$ 28,551,993	\$ 4,477,728

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 372,924	\$ 340	\$ 373,264	\$ 270,448	\$ 102,816
Grades 1-5	2,587,174	30,315	2,617,489	2,424,781	192,708
Grades 6-8	1,802,546	85	1,802,631	1,621,809	180,822
Grades 9-12	2,230,045	(8,645)	2,221,400	1,999,037	222,363
Regular programs - home instruction:					
Salaries of teachers	5,000	909	5,909	4,372	1,537
Purchased professional - educational services	30,000	(21,034)	8,966	6,446	2,520
Regular programs - undistributed instruction:					
Purchased technical services	192,310	(23,746)	168,564	168,564	
Other purchased services (400-500 series)	197,355	93,454	290,809	290,809	
General supplies	271,182	44,078	315,260	255,169	60,091
Textbooks	79,468	(5,958)	73,510	73,510	
Miscellaneous expenditures	2,400	(1,200)	1,200	1,200	
Total regular programs	7,770,404	108,598	7,879,002	7,116,145	762,857
Multiple disabilities:					
Salaries of teachers	597,373	(26,495)	570,878	545,517	25,361
Other salaries for instruction	181,307	(59,836)	121,471	116,471	5,000
General supplies	14,750	(12,291)	2,459	2,459	
Total multiple disabilities	793,430	(98,622)	694,808	664,447	30,361
Resource room:					
Salaries of teachers	1,380,786	26,140	1,406,926	1,361,926	45,000
Other salaries for instruction	335,517	25,899	361,416	340,032	21,384
Purchased technical services	1,050	(1,050)			
General supplies	3,550	(117)	3,433	3,110	323
Textbooks	500	(333)	167	164	3
Total resource room	1,721,403	50,539	1,771,942	1,705,232	66,710

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool disabilities part-time:					
Salaries of teachers	68,225	(35,489)	32,736	28,461	4,275
Other salaries for instruction	8,890	3,771	12,661	10,439	2,222
General supplies	1,100	(375)	725	725	
Total preschool disabilities part-time	78,215	(32,093)	46,122	39,625	6,497
Home instruction:					
Salaries of teachers		7,866	7,866	7,866	
Purchased professional - educational services		26,535	26,535	14,185	12,350
Total home instruction		34,401	34,401	22,051	12,350
Total special education	2,593,048	(45,775)	2,547,273	2,431,355	115,918
Basic skills/remedial:					
Salaries of teachers	297,189	114,989	412,178	380,085	32,093
General supplies	2,330	(1,165)	1,165	1,160	5
Textbooks	2,055	(1,680)	375	361	14
Total basic skills/remedial	301,574	112,144	413,718	381,606	32,112
Bilingual:					
General supplies	500	(468)	32	32	
Textbooks	200	(87)	113	113	
Total bilingual	700	(555)	145	145	
School sponsored co-curricular activities:					
Salaries	120,939	21,687	142,626	131,380	11,246
Purchased services (300-500 series)	7,500	10,769	18,269	18,269	
General supplies	3,200	(1,009)	2,191	2,191	
Miscellaneous expenditures	4,485	(2,883)	1,602	1,602	
Total school sponsored co-curricular activities	136,124	28,564	164,688	153,442	11,246
School sponsored athletics - instruction:					
Salaries	257,579	(713)	256,866	246,866	10,000
Purchased services (300-500 series)	56,410	(13,003)	43,407	41,657	1,750
General supplies	19,900	9,420	29,320	22,794	6,526
Miscellaneous expenditures	12,975	2,402	15,377	14,322	1,055
Total school sponsored athletics - instruction	346,864	(1,894)	344,970	325,639	19,331
Total other instructional programs	785,262	138,259	923,521	860,832	62,689
Total - instruction	11,148,714	201,082	11,349,796	10,408,332	941,464

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Instruction:					
Tuition to LEA's within state regular	25,000	(25,000)			
Tuition to LEA's within state special	50,000	4,770	54,770	54,770	
Tuition county vocational school regular	141,984	2,395	144,379	139,972	4,407
Tuition to county special services district & regional day schools	468,410	(24,098)	444,312	443,141	1,171
Tuition to private schools for the handicapped- in state	568,497	63,926	632,423	607,844	24,579
Tuition to private schools for the handicapped-out of state	56,000	(2,395)	53,605	49,687	3,918
Tuition - state facility	57,943		57,943	57,943	
Total undistributed expenditures - instruction	1,367,834	19,598	1,387,432	1,353,357	34,075
Health services:					
Salaries of other professional staff	388,895	(50,377)	338,518	322,881	15,637
Other salaries for instruction	29,881	2,277	32,158	28,793	3,365
Purchased professional - educational services	1,100	11,194	12,294	12,098	196
Supplies and materials	3,800	23	3,823	3,367	456
Total health services	423,676	(36,883)	386,793	367,139	19,654
Related services:					
Salaries of teachers	263,319		263,319	208,043	55,276
Purchased professional - educational services	37,500		37,500	22,035	15,465
Purchased technical services	3,000		3,000		3,000
General supplies	9,300		9,300	1,057	8,243
Total related services	313,119		313,119	231,135	81,984
Extraordinary services:					
Salaries	165,933	(28,659)	137,274	91,926	45,348
Purchased professional - educational services	8,000	(100)	7,900	197	7,703
Supplies and materials		100	100	33	67
Total extraordinary services	173,933	(28,659)	145,274	92,156	53,118
Guidance services:					
Salaries of other professional staff	696,520	19,667	716,187	695,344	20,843
Salaries of secretarial and clerical assistants	52,652	1,880	54,532	52,832	1,700
Purchased professional technical services	15,000	(5,912)	9,088	9,088	
Other purchased services (400-500 series)	1,900	(1,900)			
Supplies and materials	4,900	543	5,443	5,443	
Other objects	1,150	(325)	825	825	
Total guidance services	772,122	13,953	786,075	763,532	22,543
Child study team:					
Salaries of other professional staff	465,549	19,041	484,590	432,100	52,490
Salaries of secretarial and clerical assistants	82,445	17,035	99,480	95,479	4,001
Purchased professional - technical services	37,446	(4,529)	32,917	32,721	196
Other purchased services (400-500 series)	1,500		1,500	743	757
Supplies and materials	3,500		3,500	2,103	1,397
Other objects		1,400	1,400	1,050	350
Total child study team	590,440	32,947	623,387	564,196	59,191

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of instructional services/other support services - instructional staff:					
Salaries of supervisors of instruction	113,200		113,200	113,200	
Salaries of other professional staff	44,432		44,432	43,907	525
Salaries of secretarial and clerical assistants	80,043		80,043	75,002	5,041
Purchased professional - technical services	16,200		16,200	15,495	705
Supplies and materials	600	358	958	589	369
Other objects	3,300		3,300	845	2,455
Total improvement of instructional services/other support services - instructional staff	257,775	358	258,133	249,038	9,095
Educational media services/school library:					
Salaries	111,222	6,925	118,147	105,506	12,641
Salaries of technology coordinator	194,023	(1,501)	192,522	192,522	
Other purchased services (400-500 series)	500	2,070	2,570	1,756	814
Supplies and materials	17,200	(2,765)	14,435	12,150	2,285
Other objects	300	(170)	130	65	65
Total educational media services/school library	323,245	4,559	327,804	311,999	15,805
Instructional staff training:					
Salaries of other professional staff	26,500	2,001	28,501	28,501	
Purchased professional - educational services	17,500	(2,359)	15,141	3,102	12,039
Purchased professional technical services	6,700		6,700		6,700
Other purchased services (400-500 series)	15,000	(5,353)	9,647	6,070	3,577
Total instructional staff training	65,700	(5,711)	59,989	37,673	22,316
Support services general administration:					
Salaries	225,850	1,904	227,754	225,760	1,994
Legal services	30,000	11,034	41,034	41,034	
Audit fees	21,000		21,000	20,750	250
Other professional services	52,000	(8,976)	43,024	24,619	18,405
Purchased technical services	20,000		20,000	18,488	1,512
Communications/telephone	66,494		66,494	48,133	18,361
Miscellaneous purchased services (400-500 series)	70,234	(4,579)	65,655	62,788	2,867
BOE other purchased services		675	675	273	402
General supplies	6,000	(58)	5,942	3,994	1,948
Miscellaneous expenditures	7,005		7,005	6,756	249
BOE member dues/fees	12,500		12,500	11,236	1,264
Total support services general administration	511,083		511,083	463,831	47,252

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services school administration					
Salaries of principals/assistant principals	788,038	3,923	791,961	791,080	881
Salaries of other professional staff	65,000		65,000	65,000	
Salaries of secretarial and clerical assistants	333,772	(3,457)	330,315	319,559	10,756
Purchased professional educational services	1,000		1,000		1,000
Purchased professional - technical services	6,000		6,000	5,484	516
Other purchased services (400-500 series)	6,100	(5,246)	854	854	
Supplies and materials	17,213	(2,635)	14,578	7,954	6,624
Other objects	19,600	(4,460)	15,140	11,936	3,204
Total support services school administration	1,236,723	(11,875)	1,224,848	1,201,867	22,981
Central services:					
Salaries	259,500	(2,290)	257,210	248,548	8,662
Purchased technical services	29,873	(4,002)	25,871	21,001	4,870
Other purchased services (400-500 series)	4,850	(3,000)	1,850	552	1,298
Supplies and materials	6,000	3,000	9,000	8,676	324
Interest on lease purchase agreements	8,399		8,399	8,168	231
Other objects	3,490		3,490	3,320	170
Total central services	312,112	(6,292)	305,820	290,265	15,555
Required maintenance:					
Cleaning, repair, and maintenance services	131,434		131,434	112,732	18,702
Total required maintenance	131,434		131,434	112,732	18,702
Custodial services					
Salaries	1,022,040	5,027	1,027,067	935,272	91,795
Purchased professional - technical services	11,000		11,000	3,658	7,342
Cleaning, repair, and maintenance services	59,450	(20,699)	38,751	16,702	22,049
Other purchased property services	15,889	14,042	29,931	29,931	
Insurance	135,206	(22,365)	112,841	112,100	741
Miscellaneous purchased services	2,000	(2,000)			
General supplies	116,600	13,296	129,896	110,323	19,573
Natural gas	125,000	(20,000)	105,000	104,186	814
Electricity	235,000	(23,501)	211,499	175,672	35,827
Other objects	4,500	1,142	5,642	5,354	288
Total custodial services	1,726,685	(55,058)	1,671,627	1,493,198	178,429
Care and upkeep of grounds					
General supplies	1,000	3,651	4,651	4,651	
Total care and upkeep of grounds	1,000	3,651	4,651	4,651	
Security					
Other professional-technical services	59,000	10,769	69,769	69,769	
Cleaning, repair, and maintenance services		310	310	310	
General supplies	15,000		15,000		15,000
Total security	74,000	11,079	85,079	70,079	15,000
Total operation and maintenance of plant services	1,933,119	(40,328)	1,892,791	1,680,660	212,131
Student transportation services:					
Salaries non-instructional aides	37,064	6,002	43,066	43,066	
Cleaning, repair, and maintenance services	6,112	(4,237)	1,875	1,742	133
Contracted services (between home and school) - regular vendors	5,500	(1,765)	3,735	2,001	1,734
Contracted services (other than between home and school) - vendors	76,820	20,435	97,255	43,747	53,508
Contracted services (regular education students) - joint agreements		21,900	21,900	15,688	6,212
Contracted services (special education students) - vendors	150,000	(40,609)	109,391	109,391	

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Contracted services (special education students) - joint agreements	202,540	(8,571)	193,969	104,857	89,112
General supplies	5,000	(1,542)	3,458	1,791	1,667
Other objects	600	1,542	2,142	879	1,263
Total student transportation services	483,636	(6,845)	476,791	323,162	153,629
Unallocated benefits:					
Group insurance	7,500	2,500	10,000	3,937	6,063
Social security	300,000	19,129	319,129	266,294	52,835
Other retirement - regular	344,721	(28,488)	316,233	312,303	3,930
Worker's compensation	162,800	(12,602)	150,198	150,198	
Health benefits	3,418,674	(177,008)	3,241,666	3,164,190	77,476
Tuition reimbursement	50,000	(6,197)	43,803	43,803	
Other employee benefits	247,250	3,146	250,396	249,991	405
Unused sick payment	30,000	7,036	37,036	37,036	
Total unallocated benefits	4,560,945	(192,484)	4,368,461	4,227,752	140,709
Teachers' Pension and Annuity Fund (on-behalf non-budgeted)				2,556,338	(2,556,338)
TPAF post-retirement (on-behalf non-budgeted)				948,355	(948,355)
TPAF long-term disability insurance (on-behalf non-budgeted)				1,692	(1,692)
Reimbursed TPAF social security contributions (non-budgeted)				835,624	(835,624)
Total on-behalf contributions				4,342,009	(4,342,009)
Total undistributed expenditures	13,325,462	(257,662)	13,067,800	16,499,771	(3,431,971)
Total expenditures - current expense	24,474,176	(56,580)	24,417,596	26,908,103	(2,490,507)
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:					
Grades 1-5		7,185	7,185	7,185	
Grades 9-12		2,395	2,395	2,363	32
Undistributed expenditures:					
Custodial	44,500	(2,813)	41,687	41,687	
School-sponsored athletics		11,812	11,812		11,812
Total equipment	44,500	18,579	63,079	51,235	11,844
Facilities acquisition and construction services:					
Lease purchase principal	212,349	1	212,350	212,350	
SDA assessments	2,213		2,213	2,213	
Total facilities acquisition and construction services	214,562	1	214,563	214,563	
Assets acquired under capital leases (non-budgeted):					
Support services - students regular				35,911	(35,911)
Operations and maintenance of plant services				38,409	(38,409)
Total assets acquired under capital leases (non-budgeted)				74,320	(35,911)
Total capital outlay	259,062	18,580	277,642	340,118	(24,067)
Total expenditures	\$ 24,733,238	\$ (38,000)	\$ 24,695,238	\$ 27,248,221	\$ (2,514,574)

BOROUGH OF PITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (deficiency) of revenues over (under) expenditures	\$ (658,973)	\$ 38,000	\$ (620,973)	\$ 1,303,772	\$ 1,963,154
Other financing sources (uses):					
Transfer to enterprise funds	(80,000)	(38,000)	(118,000)	(118,000)	
Capital leases (non-budgeted)				74,320	(74,320)
Capital reserve to capital outlay	(100,000)		(100,000)		(100,000)
Maintenance reserve to required maintenance	(100,000)		(100,000)		(100,000)
Total other financing sources (uses)	(280,000)	38,000	(318,000)	(43,680)	(274,320)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(938,973)		938,973	1,260,092	1,688,834
Fund balances - July 1	2,019,272		2,019,272	2,019,272	
Fund balances - June 30	<u>\$ 1,080,298</u>		<u>\$ 2,958,245</u>	<u>\$ 3,279,364</u>	<u>\$ 1,688,834</u>
Recapitulation:					
Restricted fund balance:					
Capital reserve				\$ 390,564	
Maintenance reserve				912,937	
Excess surplus - current year				154,419	
Assigned fund balance:					
Year-end encumbrances				746,137	
Designated for subsequent year's expenditures				535,000	
Unassigned fund balance				540,307	
				<u>3,279,364</u>	
Reconciliation to Governmental Fund Statements (GAAP):					
Last state aid payments not recognized on GAAP Basis				(878,161)	
Fund balance per Governmental Funds (GAAP)				<u>\$ 2,401,203</u>	

BOROUGH OF PITMAN SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 460,916	\$ 236,438	\$ 697,354	\$ 679,906	\$ 17,448
Total revenues	<u>\$ 460,916</u>	<u>\$ 236,438</u>	<u>\$ 697,354</u>	<u>\$ 679,906</u>	<u>\$ 17,448</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 161,710	\$ (52,859)	\$ 108,851	\$ 108,851	
Other salaries for instruction	14,932	(403)	14,529	14,529	
Other purchased services (400-500 series)					
Tuition	280,854	73,846	354,700	354,700	
General supplies	3,420	97,666	101,086	98,409	\$ 2,677
Total instruction	<u>460,916</u>	<u>118,250</u>	<u>579,166</u>	<u>576,489</u>	<u>2,677</u>
Support services:					
Salaries of supervisors of instruction		27,000	27,000	27,000	
Personal services - employee benefits		42,208	42,208	42,208	
Purchased professional - technical services		18,281	18,281	15,982	2,299
General supplies		30,549	30,549	18,077	12,472
Other objects		150	150	150	
Total support services		<u>118,188</u>	<u>118,188</u>	<u>103,417</u>	<u>14,771.00</u>
Total expenditures	<u>\$ 460,916</u>	<u>\$ 236,438</u>	<u>\$ 697,354</u>	<u>\$ 679,906</u>	<u>\$ 17,448</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

BOROUGH OF PITMAN SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation -
 Note to RSI
 For the Fiscal Year Ended June 30, 2020

Note A: Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	General Fund	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1] \$ 28,551,993	[C-2] \$ 679,906
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(76,477)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	(878,161)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	895,045	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2] \$ 28,568,877	[B-2] \$ 603,429
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] \$ 27,248,221	[C-2] \$ 679,906
Difference - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(76,477)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	[B-2] \$ 27,248,221	[B-2] \$ 603,429

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

BOROUGH OF PITMAN SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS
 Last Seven Fiscal Years

	Fiscal Year Ended						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0308280379%	0.0322971201%	0.0331956236%	0.0337543698%	0.0359699384%	0.0334760830%	0.0332462894%
District's proportionate share of the net pension liability (asset)	\$ 5,554,745	\$ 6,359,142	\$ 7,727,411	\$ 9,997,076	\$ 8,074,530	\$ 6,267,638	\$ 6,354,026
District's covered-employee payroll	2,223,613	2,382,131	2,419,120	2,473,296	2,436,419	2,531,363	2,544,847
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	249.81%	266.95%	319.43%	404.20%	331.41%	247.60%	249.68%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.59%	48.10%	40.13%	47.92%	52.08%	48.72%
Measurement date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

BOROUGH OF PITMAN SCHOOL DISTRICT
 Schedule of District Contributions - PERS
 Last Seven Fiscal Years

	Fiscal Year Ended						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 299,866	\$ 321,252	\$ 307,522	\$ 299,869	\$ 309,425	\$ 275,972	\$ 250,504
Contributions in relation to the contractually required contribution	299,866	321,252	307,522	299,869	309,425	275,972	250,504
Contribution deficiency (excess)	None	None	None	None	None	None	None
District's covered-employee payroll	\$ 2,223,613	\$ 2,382,131	\$ 2,419,120	\$ 2,473,296	\$ 2,169,341	\$ 2,397,778	\$ 2,313,411
Contributions as a percentage of covered-employee payroll	13.49%	13.49%	12.71%	12.12%	14.26%	11.51%	10.83%
Measurement date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

BOROUGH OF PITMAN SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
 Last Seven Fiscal Years

	Fiscal Year Ended						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.1175265214%	0.1149330543%	0.1138015958%	0.1123228800%	0.1153393978%	0.1091881787%	0.1138993907%
District's proportionate share of the net pension liability (asset)	\$ 72,127,135	\$ 73,117,940	\$ 76,729,139	\$ 88,360,329	\$ 72,899,425	\$ 58,357,528	\$ 57,563,856
District's covered-employee payroll	12,275,856	12,962,070	12,944,897	12,643,235	12,200,614	12,003,103	12,028,488
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	587.55%	564.09%	592.74%	698.87%	597.51%	486.19%	478.56%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%
Measurement date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation – 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a legal obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS**

BOROUGH OF PITMAN SCHOOL DISTRICT
Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Three Fiscal Years

	Fiscal Year Ended		
	2020	2019	2018
Total OPEB liability			
Service cost	\$ 2,249,485	\$ 2,482,595	\$ 3,000,040
Interest	2,700,923	2,889,190	2,508,233
Changes of benefit terms			
Differences between expected and actual experience	(11,438,972)	(6,405,154)	
Changes of assumptions or other inputs	910,195	(7,854,104)	(10,531,209)
Member contributions	55,548	63,252	67,461
Benefit payments	(1,873,919)	(1,830,125)	(1,832,048)
Net change in total OPEB liability	(7,396,740)	(10,654,346)	(6,787,523)
Total OPEB liability - beginning	68,442,370	79,096,716	85,884,239
Total OPEB liability - ending	<u>\$ 61,045,630</u>	<u>\$ 68,442,370</u>	<u>\$ 79,096,716</u>
Covered employee payroll	\$ 14,499,469	\$ 15,344,201	\$ 15,364,017
Total OPEB liability as a percentage of covered employee payroll	421.02%	446.05%	514.82%
Notes to Schedule:			
<i>Changes of benefit terms:</i>			
There were no changes in benefit terms during the year.			
<i>Changes of assumptions:</i>			
Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used in the period:			
Discount	3.50%	3.87%	3.58%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART III

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTES RELATED TO PENSIONS

NOTE 1: CONTRIBUTIONS

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

NOTE 2: 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	2.75%
Salary increases:	
Through 2026	2.00 – 6.00% based on age
Thereafter	3.00 – 7.00% based on age
Investment rate of return	7.00%

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices.shtml>.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTES RELATED TO OTHER POST-EMPLOYMENT BENEFITS

NOTE 3: CONTRIBUTIONS

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

NOTE 4: ACTUARIAL ASSUMPTIONS

The total nonemployer 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%
Salary increases (TPAF):	
Through 2026	1.55 – 3.05% based on service years
Thereafter	1.55 – 3.05% based on service years
Salary increases (PERS):	
Through 2026	2.00 – 6.00% based on service years
Thereafter	3.00 – 7.00% based on service years

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

Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF PITMAN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	Total Brought Forward Ex. E-1a	Title I SIA	Title I Part A	Totals	
				FY 2020	FY 2019
REVENUES:					
Federal sources	\$ 521,228	\$ 6,226	\$ 152,452	\$ 679,906	\$ 575,643
Total revenues	<u>\$ 521,228</u>	<u>\$ 6,226</u>	<u>\$ 152,452</u>	<u>\$ 679,906</u>	<u>\$ 575,643</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers			\$ 108,851	\$ 108,851	\$ 113,765
Other salaries for instruction	\$ 14,529			14,529	14,409
Other purchased services (400-500 series)					149
Tuition	354,700			354,700	354,763
General supplies	91,686	\$ 6,226	497	98,409	14,736
Total instruction	<u>460,915</u>	<u>6,226</u>	<u>109,348</u>	<u>576,489</u>	<u>497,822</u>
Support services:					
Salaries of supervisors of instruction	27,000			27,000	27,000
Personal services - employee benefits			42,208	42,208	31,234
Purchased professional - technical services	15,086		896	15,982	19,587
General supplies	18,077			18,077	
Other objects	150			150	
Total support services	<u>60,313</u>		<u>43,104</u>	<u>103,417</u>	<u>77,821</u>
Total expenditures	<u>\$ 521,228</u>	<u>\$ 6,226</u>	<u>\$ 152,452</u>	<u>\$ 679,906</u>	<u>\$ 575,643</u>

BOROUGH OF PITMAN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	IDEA Preschool	IDEA-Part B - Basic	Title II, Part A Teacher & Principal Training & Recruiting	Cares Emergency Relief	Total Carried Forward
REVENUES:					
Federal sources	\$ 14,529	\$ 354,700	\$ 42,410	\$ 109,589	\$ 521,228
Total revenues	<u>\$ 14,529</u>	<u>\$ 354,700</u>	<u>\$ 42,410</u>	<u>\$ 109,589</u>	<u>\$ 521,228</u>
EXPENDITURES:					
Instruction:					
Other salaries for instruction	\$ 14,529				\$ 14,529
Tuition		\$ 354,700			354,700
General supplies				\$ 91,686	91,686
Total instruction	<u>14,529</u>	<u>354,700</u>		<u>91,686</u>	<u>460,915</u>
Support services:					
Salaries of supervisors of instruction			\$ 27,000		27,000
Purchased professional - technical services			15,086		15,086
General supplies			174	17,903	18,077
Other objects			150		150
Total support services			<u>42,410</u>	<u>17,903</u>	<u>60,313</u>
Total expenditures	<u>\$ 14,529</u>	<u>\$ 354,700</u>	<u>\$ 42,410</u>	<u>\$ 109,589</u>	<u>\$ 521,228</u>

PROPRIETARY FUNDS

BOROUGH OF PITMAN SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2020

	Business-type Activities			Totals	
	Food Service	Preschool	Before/After	FY 2020	FY 2019
	Fund		School		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 14,354	\$ 2,503	\$ 296,949	\$ 313,806	\$ 346,949
Accounts receivable:					
Federal	19,204			19,204	6,497
State	1,088			1,088	180
Other	1,457	3,004		4,461	3,714
Inventory	10,755			10,755	7,033
Total current assets	46,858	5,507	296,949	349,314	364,373
NON-CURRENT ASSETS					
Furniture, machinery & equipment	212,285			212,285	212,285
Less: accumulated depreciation	(174,867)			(174,867)	(169,478)
Total noncurrent assets	37,418			37,418	42,807
Total assets	84,276	5,507	296,949	386,732	407,180
LIABILITIES AND NET POSITION					
Current liabilities:					
Accounts payable	5,334		4,493	9,827	672
Intergovernmental accounts payable					1,900
Interfund accounts payable	21,900			21,900	21,900
Unearned revenue	10,226	600		10,826	6,639
Compensated absences		5,365		5,365	3,220
Total current liabilities	37,460	5,965	4,493	47,918	34,331
Net position:					
Invested in capital assets, net of related debt	37,418			37,418	42,807
Unrestricted	9,398	(458)	292,456	301,396	330,042
Total net position	\$ 46,816	\$ (458)	\$ 292,456	\$ 338,814	\$ 372,849

BOROUGH OF PITMAN SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2020

	Business-type Activities			Totals	
	Food Service Fund	Preschool	Before/After School	FY 2020	FY 2019
OPERATING REVENUES:					
Local sources:					
Daily sales - reimbursable programs:	\$ 97,431			\$ 97,431	\$ 133,374
Daily sales - non-reimbursable programs	53,426			53,426	74,083
Special function/miscellaneous	5,732			5,732	119
Tuition		\$ 67,148	\$ 150,189	217,337	255,176
Total operating revenue	156,589	67,148	150,189	373,926	462,752
OPERATING EXPENSES:					
Salaries	192,218	107,943	160,370	460,531	461,643
Employee benefits	15,015		12,191	27,206	27,124
Other purchased services (400-500 series)	2,137		70	2,207	4,583
Supplies and materials	10,642		3,338	13,980	27,003
Cost of sales - reimbursable	117,473			117,473	124,270
Cost of sales - non-reimbursable	48,506			48,506	63,912
Miscellaneous other expenses	221		14,420	14,641	4,820
Depreciation	5,389			5,389	4,804
Total operating expenses	391,601	107,943	190,389	689,933	718,159
Operating income (loss)	(235,012)	(40,795)	(40,200)	(316,007)	(255,407)
NON-OPERATING REVENUES:					
State sources:					
National school lunch program - state	3,826			3,826	3,722
Federal sources:					
National school lunch program	102,535			102,535	110,348
School breakfast program	34,415			34,415	20,111
Special milk program	94			94	162
Food distribution program	23,102			23,102	21,861
Total non-operating revenues (expenses)	163,972			163,972	156,204
Income (loss) before contributions	(71,040)	(40,795)	(40,200)	(152,035)	(99,203)
Transfers from general fund	79,690	38,310		118,000	80,000
Net income (loss)	8,650	(2,485)	(40,200)	(34,035)	(19,203)
Total net position - July 1	38,166	2,027	332,656	372,849	392,052
Total net position - June 30	\$ 46,816	\$ (458)	\$ 292,456	\$ 338,814	\$ 372,849

BOROUGH OF PITMAN SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2020

	Business-type Activities			Totals	
	Food Service	Preschool	Before/After	FY 2020	FY 2019
	Fund		School		
Cash flows from operating activities:					
Receipts from customers	\$ 160,406	\$ 66,771	\$ 150,189	\$ 377,366	\$ 461,609
Payments to suppliers	(154,507)		(15,665)	(170,172)	(203,144)
Payments to employees	(195,438)	(102,578)	(160,370)	(458,386)	(465,006)
Payments for employee benefits	(15,015)		(12,191)	(27,206)	(27,124)
Net cash provided (used) by operating activities	(204,554)	(35,807)	(38,037)	(278,398)	(233,665)
Cash flows from non-capital financing activities:					
Cash received from state & federal reimbursements	127,255			127,255	136,449
Net cash provided by non-capital financing activities	127,255			127,255	136,449
Cash flows from capital & related financing activities:					
Capital expenditures					(7,011)
Payments from general fund	79,690	38,310		118,000	80,000
Net cash provided by investing activities	79,690	38,310		118,000	72,989
Net increase in cash and cash equivalents	2,391	2,503	(38,037)	(33,143)	(24,227)
Cash and cash equivalents - July 1	11,963		334,986	346,949	371,176
Cash and cash equivalents - June 30	\$ 14,354	\$ 2,503	\$ 296,949	\$ 313,806	\$ 346,949
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (235,012)	\$ (40,795)	\$ (40,200)	\$ (316,007)	\$ (255,407)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation	5,389			5,389	4,804
Food distribution program	23,102			23,102	21,861
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(370)	(377)		(747)	(2,931)
(Increase) decrease in inventory	(3,722)			(3,722)	(1,169)
Increase (decrease) in accounts payable	5,092		2,163	7,255	(1,148)
Increase in intergovernmental accounts payable					1,900
Increase (decrease) in compensated absences	(3,220)	5,365		2,145	(3,363)
Increase (decrease) in unearned revenue	4,187			4,187	1,788
	\$ (204,554)	\$ (35,807)	\$ (38,037)	\$ (278,398)	\$ (233,665)

FIDUCIARY FUNDS

BOROUGH OF PITMAN SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020

	Unemployment Trust Fund	Agency Funds	Totals	
			FY 2020	FY 2019
ASSETS				
Cash and cash equivalents	\$ 335,807	\$ 152,969	\$ 488,776	\$ 504,926
Total assets	<u>\$ 335,807</u>	<u>152,969</u>	<u>488,776</u>	<u>504,926</u>
LIABILITIES				
Payroll deductions and withholdings		5,063	5,063	24,198
Due to student groups		137,896	137,896	139,730
Interfund payables:				
General fund		10,010	10,010	10,000
Total liabilities		<u>152,969</u>	<u>152,969</u>	<u>173,928</u>
NET POSITION				
Unreserved	\$ 335,807		335,807	330,998
Total net position	<u>\$ 335,807</u>		<u>\$ 335,807</u>	<u>\$ 330,998</u>

BOROUGH OF PITMAN SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020

	Unemployment Trust Fund	Totals	
		FY 2020	FY 2019
ADDITIONS:			
Contributions:			
Plan members	\$ 23,555	\$ 23,555	\$ 27,223
Total contributions	23,555	23,555	27,223
Investment earnings:			
Interest	1,318	1,318	1,318
Total investment earnings	1,318	1,318	1,318
Total additions	24,873	24,873	28,541
DEDUCTIONS:			
Unemployment claims	20,064	20,064	34,072
Change in net position	4,809	4,809	(5,531)
Net position - beginning of year	330,998	330,998	336,529
Net position - end of year	\$ 335,807	\$ 335,807	\$ 330,998

BOROUGH OF PITMAN SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Elementary:				
Kindle	\$ 5,163	\$ 4,115	\$ 3,159	\$ 6,119
Walls	2,906	9,185	7,235	4,856
Memorial	18,801	5,409	9,714	14,496
Elementary subtotal	26,870	18,709	20,108	25,471
Middle school	37,184	18,391	19,223	36,352
High school	55,872	157,892	159,853	53,911
District-wide	19,804	5,762	3,404	22,162
	\$ 139,730	\$ 200,754	\$ 202,588	\$ 137,896

BOROUGH OF PITMAN SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS				
Cash and cash equivalents	\$ 34,198	\$ 17,081,739	\$ 17,100,864	\$ 15,073
Total assets	<u>\$ 34,198</u>	<u>\$ 17,081,739</u>	<u>\$ 17,100,864</u>	<u>\$ 15,073</u>
LIABILITIES				
Employees' net pay		\$ 9,338,119	\$ 9,338,119	
Payroll deductions and withholdings	\$ 24,198	7,742,909	7,762,044	\$ 5,063
Interfund payable General fund	10,000	711	701	10,010
Total liabilities	<u>\$ 34,198</u>	<u>\$ 17,081,739</u>	<u>\$ 17,100,864</u>	<u>\$ 15,073</u>

LONG-TERM DEBT

BOROUGH OF PITMAN SCHOOL DISTRICT
 Long-Term Debt Account Group
 Schedule of Serial Bonds
 June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2019	Issued	Retired	Balance June 30, 2020
			Date	Amount					
Refunding School Bonds	6/2/2016	\$ 5,860,000	08/01/20	\$ 620,000	4.000%				
			08/01/21	645,000	3.000%				
			08/01/22	665,000	4.000%				
			08/01/23	700,000	4.000%				
			08/01/24	720,000	4.000%				
			08/01/25	560,000	3.000%				
					\$ 4,510,000	None	\$ 600,000	\$ 3,910,000	

BOROUGH OF PITMAN SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2020

Purpose	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate	Amount	Issued	Retired	Amount
			Principal	Interest		Outstanding July 1, 2019			Outstanding June 30, 2020
2017 Computers	08/18/17	3 years	\$ 120,514	\$ 4,783	3.57%	\$ 40,326		\$ 40,326	
Technology & textbooks	08/03/18	3 years	184,624	6,729	3.69%	120,840		120,840	
Dump Truck	11/02/18	3 years	39,211	2,456	6.40%	25,322		25,322	
Roof replacement & removal of roof top HVAC	05/30/19	5 years	1,000,000	61,749	2.62%	1,000,000		203,449	\$ 796,551
Technology equipment	08/12/19	3 years	24,106	1,762	7.50%		\$ 24,106	24,106	
Technology equipment	09/06/19	3 years	11,805	863	7.50%		11,805	11,805	
Floor machines	05/19/20	3 years	38,409	none			38,409	12,803	25,606
						<u>\$ 1,186,488</u>	<u>\$ 74,320</u>	<u>\$ 438,651</u>	<u>\$ 822,157</u>

BOROUGH OF PITMAN SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 426,148		\$ 426,148	\$ 426,148	
State sources:					
Debt service aid type II	327,202		327,202	327,202	
Total revenues	<u>753,350</u>		<u>753,350</u>	<u>753,350</u>	
EXPENDITURES:					
Regular debt service:					
Interest	153,350		153,350	153,350	
Redemption of principal	600,000		600,000	600,000	
Total expenditures	<u>753,350</u>		<u>753,350</u>	<u>753,350</u>	
Fund balance - July 1	(333)		(333)	(333)	
Fund balance - June 30	<u>\$ (333)</u>	<u>None</u>	<u>\$ (333)</u>	<u>\$ (333)</u>	

**STATISTICAL SECTION
(Unaudited)**

**BOROUGH OF PITMAN SCHOOL DISTRICT
STATISTICAL SECTION**

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.	116-122
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	123-126
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	127-130
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.	131-132
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.	133-137

BOROUGH OF PITMAN SCHOOL DISTRICT
 Net Position By Component
 Last Ten Fiscal Years
 Fiscal Year Ending June 30, 2020
 Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Invested in capital assets, net of related debt	\$ 966,163	\$ 1,185,715	\$ 1,397,748	\$ 2,137,578	\$ 2,455,097	\$ 2,705,438	\$ 3,137,319	\$ 3,754,777	\$ 3,768,939	\$ 4,275,969
Restricted	2,247,509	2,527,992	2,557,021	2,244,406	2,440,263	1,912,414	1,670,905	1,467,283	1,540,256	2,738,724
Unrestricted	(1,007,082)	(948,770)	(907,488)	(916,702)	(7,227,828)	(7,397,530)	(8,288,057)	(9,231,961)	(9,239,296)	(9,000,060)
Total governmental activities net position	\$ 2,206,590	\$ 2,764,937	\$ 3,047,281	\$ 3,465,282	\$ (2,332,468)	\$ (2,779,678)	\$ (3,479,833)	\$ (4,009,901)	\$ (3,930,101)	\$ (1,985,367)
Business-type activities:										
Invested in capital assets, net of related debt	\$ 34,100	\$ 28,708	\$ 24,344	\$ 21,089	\$ 35,906	\$ 31,477	\$ 29,547	\$ 40,601	\$ 42,807	\$ 37,418
Unrestricted	258,557	280,336	290,890	288,210	267,509	325,946	345,080	351,451	330,042	301,396
Total business-type activities net position	\$ 292,657	\$ 309,044	\$ 315,234	\$ 309,299	\$ 303,415	\$ 357,423	\$ 374,627	\$ 392,052	\$ 372,849	\$ 338,814
District-wide:										
Invested in capital assets, net of related debt	\$ 1,000,263	\$ 1,214,423	\$ 1,422,092	\$ 2,158,667	\$ 2,491,003	\$ 2,736,915	\$ 3,166,866	\$ 3,795,378	\$ 3,811,746	\$ 4,313,387
Restricted	2,247,509	2,527,992	2,557,021	2,244,406	2,440,263	1,912,414	1,670,905	1,467,283	1,540,256	2,738,724
Unrestricted	(748,525)	(668,434)	(616,598)	(628,492)	(6,960,319)	(7,071,584)	(7,942,977)	(8,880,510)	(8,909,254)	(8,698,664)
Total district-wide net position	\$ 2,499,247	\$ 3,073,981	\$ 3,362,515	\$ 3,774,581	\$ (2,029,053)	\$ (2,422,255)	\$ (3,105,206)	\$ (3,617,849)	\$ (3,557,252)	\$ (1,646,553)

BOROUGH OF PITMAN SCHOOL DISTRICT
Changes In Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2020
Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EXPENSES:										
Governmental activities:										
Instruction:										
Regular	\$ 6,731,858	\$ 6,661,467	\$ 6,986,990	\$ 7,117,731	\$ 7,304,641	\$ 7,668,672	\$ 7,431,757	\$ 7,461,427	\$ 7,664,583	\$ 6,938,228
Special education	2,780,416	3,088,349	3,137,435	3,088,673	3,252,223	3,331,472	3,297,304	3,210,417	3,199,857	2,979,855
Other special education	331,244	260,897	284,660	293,898	316,196	422,095	453,889	366,814	338,491	384,171
Other instruction	424,990	437,599	465,823	503,066	516,624	542,216	560,819	526,524	523,674	480,841
Support services:										
Student instruction and related services	3,516,151	3,567,603	3,788,798	3,714,135	3,375,730	3,571,093	3,602,913	3,838,421	4,160,948	4,069,777
General administration & central services	721,101	730,561	700,222	688,915	720,747	745,457	730,597	807,951	793,318	766,550
School administrative services	1,131,922	1,151,486	1,126,185	1,189,997	1,229,376	1,215,352	1,223,249	1,217,743	1,205,480	1,235,785
Plant operations and maintenance & grounds	1,581,643	1,699,936	1,839,748	1,829,674	1,986,009	1,965,852	2,090,673	1,871,951	1,840,107	1,700,203
Pupil transportation	464,048	501,909	537,632	529,031	498,680	360,491	393,572	579,614	684,708	323,162
Employee benefits	4,948,448	5,530,397	5,988,795	5,835,766	6,098,670	7,023,925	8,152,236	11,712,507	11,023,085	9,359,248
Interest on long-term debt	457,979	429,518	402,070	371,780	336,273	235,119	212,370	173,622	151,414	131,607
Capital outlay	27,238	37,858	108,776	110,921	140,456	256,609	152,660	35,903	186,837	53,428
Unallocated depreciation	530,301	543,989	544,252	559,310	570,309	568,753	502,443	510,677	520,816	502,958
Total governmental activities expenses	23,647,339	24,641,569	25,911,386	25,832,897	26,345,934	27,907,106	28,804,482	32,313,571	32,293,318	28,925,813
Business-type activities:										
Food service	439,623	454,484	462,856	465,673	460,104	454,741	456,671	401,622	418,849	391,601
Before/after school	193,727	191,764	189,132	185,643	188,460	210,492	179,465	204,702	196,731	190,389
Preschool	56,963	84,744	83,922	88,027	94,470	98,249	101,331	102,152	102,579	107,943
Total business-type activities expense	690,313	730,992	735,910	739,343	743,034	763,482	737,467	708,476	718,159	689,933
Total District expenses	\$ 24,337,652	\$ 25,372,561	\$ 26,647,296	\$ 26,572,240	\$ 27,088,968	\$ 28,670,588	\$ 29,541,949	\$ 33,022,047	\$ 33,011,477	\$ 29,615,746
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 641,830	\$ 628,474	\$ 601,256	\$ 604,209	\$ 607,981	\$ 623,109	\$ 598,661	\$ 599,358	\$ 575,643	\$ 603,429
Total governmental activities program revenues	641,830	628,474	601,256	604,209	607,981	623,109	598,661	599,358	575,643	603,429

BOROUGH OF PITMAN SCHOOL DISTRICT
Changes In Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2020
Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Charges for services:										
Food service	272,373	242,826	219,129	201,449	183,346	177,004	205,098	194,184	207,576	156,589
Before/after school	241,369	224,216	211,330	221,581	228,383	265,614	229,717	198,926	189,171	150,189
Preschool	125,843	62,435	85,576	81,503	86,469	86,045	65,490	82,745	66,005	67,148
Operating grants and contributions	126,549	137,902	151,065	158,875	154,456	147,827	151,700	159,111	156,204	163,972
Inventory loss					(5,504)					
Total business-type activities program revenues	<u>766,134</u>	<u>667,379</u>	<u>667,100</u>	<u>663,408</u>	<u>652,654</u>	<u>676,490</u>	<u>652,005</u>	<u>634,966</u>	<u>618,956</u>	<u>537,898</u>
Total District program revenue	<u>\$ 1,407,964</u>	<u>\$ 1,295,853</u>	<u>\$ 1,268,356</u>	<u>\$ 1,267,617</u>	<u>\$ 1,260,635</u>	<u>\$ 1,299,599</u>	<u>\$ 1,250,666</u>	<u>\$ 1,234,324</u>	<u>\$ 1,194,599</u>	<u>\$ 1,141,327</u>
Net (expense) revenue:										
Governmental activities	\$ (23,005,509)	\$ (24,013,095)	\$ (25,310,130)	\$ (25,228,688)	\$ (25,737,953)	\$ (27,283,997)	\$ (28,205,821)	\$ (31,714,213)	\$ (31,717,675)	\$ (28,322,384)
Business-type activities	75,821	(63,613)	(68,810)	(75,935)	(90,380)	(86,992)	(85,462)	(73,510)	(99,203)	(152,035)
Total District-wide net expense	<u>\$ (22,929,688)</u>	<u>\$ (24,076,708)</u>	<u>\$ (25,378,940)</u>	<u>\$ (25,304,623)</u>	<u>\$ (25,828,333)</u>	<u>\$ (27,370,989)</u>	<u>\$ (28,291,283)</u>	<u>\$ (31,787,723)</u>	<u>\$ (31,816,878)</u>	<u>\$ (28,474,419)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Property taxes levied for government purposes	\$ 11,403,562	\$ 11,453,127	\$ 12,032,190	\$ 12,326,130	\$ 12,572,652	\$ 12,824,105	\$ 13,080,587	\$ 13,530,733	\$ 13,883,866	\$ 14,314,010
Taxes levied for debt service	673,890	580,479	686,763	670,384	585,213	571,441	592,431	619,644	385,407	426,148
Grants and contributions	11,505,267	12,259,048	12,632,312	12,425,177	12,858,137	13,206,525	13,660,517	13,986,766	17,184,928	15,340,441
Tuition received	134,843	156,858	194,463	201,522	162,656	170,507	113,190	165,712	250,635	109,247
Investment earnings	1,850	37,407	32,885	15,723	16,627	13,351	10,430	12,077	9,977	11,250
Miscellaneous income	334,747	164,523	88,861	77,753	79,666	304,697	148,512	134,596	162,662	184,022
Other financing sources (uses)	298,031					(112,839)				
Transfers	(30,000)	(80,000)	(75,000)	(70,000)	(90,000)	(141,000)	(100,000)	(80,000)	(80,000)	(118,000)
Total governmental activities	<u>24,322,190</u>	<u>24,571,442</u>	<u>25,592,474</u>	<u>25,646,689</u>	<u>26,184,951</u>	<u>26,836,787</u>	<u>27,505,667</u>	<u>28,369,528</u>	<u>31,797,475</u>	<u>30,267,118</u>
Business-type activities:										
Other financing sources (uses)							2,666	10,935		
Transfers	30,000	80,000	75,000	70,000	90,000	141,000	100,000	80,000	80,000	118,000
Total business-type activities	<u>30,000</u>	<u>80,000</u>	<u>75,000</u>	<u>70,000</u>	<u>90,000</u>	<u>141,000</u>	<u>102,666</u>	<u>90,935</u>	<u>80,000</u>	<u>118,000</u>
Total District-wide	<u>\$ 24,352,190</u>	<u>\$ 24,651,442</u>	<u>\$ 25,667,474</u>	<u>\$ 25,716,689</u>	<u>\$ 26,274,951</u>	<u>\$ 26,977,787</u>	<u>\$ 27,608,333</u>	<u>\$ 28,460,463</u>	<u>\$ 31,877,475</u>	<u>\$ 30,385,118</u>
Change in net position:										
Governmental activities	\$ 1,316,681	\$ 558,347	\$ 282,344	\$ 418,001	\$ 446,998	\$ (447,210)	\$ (700,154)	\$ (3,344,685)	\$ 79,800	\$ 1,944,734
Business-type activities	105,821	16,387	6,190	(5,935)	(380)	54,008	17,204	17,425	(19,203)	(34,035)
Total District	<u>\$ 1,422,502</u>	<u>\$ 574,734</u>	<u>\$ 288,534</u>	<u>\$ 412,066</u>	<u>\$ 446,618</u>	<u>\$ (393,202)</u>	<u>\$ (682,950)</u>	<u>\$ (3,327,260)</u>	<u>\$ 60,597</u>	<u>\$ 1,910,699</u>

BOROUGH OF PITMAN SCHOOL DISTRICT
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2020
 Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Restricted	\$ 997,366	\$ 1,532,551	\$ 1,308,556	\$ 1,594,158	\$ 1,851,200	\$ 1,412,408	\$ 1,136,393	\$ 887,387	\$ 1,120,858	\$ 1,457,920
Assigned	360,846	138,680	409,560	338,803	456,249	449,240	492,603	538,320	419,731	1,281,137
Unassigned	(307,465)	(361,628)	(361,554)	(412,351)	(449,978)	(481,209)	(470,367)	(429,208)	(416,362)	(337,854)
Total general fund	<u>\$ 1,050,747</u>	<u>\$ 1,309,603</u>	<u>\$ 1,356,562</u>	<u>\$ 1,520,610</u>	<u>\$ 1,857,471</u>	<u>\$ 1,380,439</u>	<u>\$ 1,158,629</u>	<u>\$ 996,499</u>	<u>\$ 1,124,227</u>	<u>\$ 2,401,203</u>
All other governmental funds										
Restricted										
Capital projects fund	\$ 649,014	\$ 649,014	\$ 626,436	\$ 103,340						
Debt service fund	301,129	207,747	212,469	208,105	\$ 132,814	\$ 50,766	\$ 41,909	\$ 41,576	\$ (333)	\$ (333)
Total all other governmental funds	<u>\$ 950,143</u>	<u>\$ 856,761</u>	<u>\$ 838,905</u>	<u>\$ 311,445</u>	<u>\$ 132,814</u>	<u>\$ 50,766</u>	<u>\$ 41,909</u>	<u>\$ 41,576</u>	<u>\$ (333)</u>	<u>\$ (333)</u>

BOROUGH OF PITMAN SCHOOL DISTRICT
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES:										
Tax levy	\$ 12,077,452	\$ 12,033,606	\$ 12,718,953	\$ 12,996,514	\$ 13,157,865	\$ 13,395,546	\$ 13,673,018	\$ 14,150,377	\$ 14,269,273	\$ 14,740,158
Tuition charges	134,843	156,858	194,463	201,522	162,656	170,507	113,190	165,712	250,635	109,247
Interest earnings	1,850	37,407	32,885	15,723	16,627	13,351	10,430	12,077	9,977	11,250
Miscellaneous	334,747	164,523	88,861	77,753	79,666	304,697	148,512	134,596	162,662	184,022
State sources	11,440,935	11,884,726	12,587,011	12,383,938	12,794,979	13,195,666	13,614,791	13,967,244	14,443,676	14,216,698
Federal sources	671,483	1,002,796	646,557	645,448	671,139	633,968	644,387	618,880	613,873	664,281
Total revenue	24,661,310	25,279,916	26,268,730	26,320,898	26,882,932	27,713,735	28,204,328	29,048,886	29,750,096	29,925,656
EXPENDITURES:										
Instruction:										
Regular	6,698,176	6,668,995	6,982,719	7,253,214	7,453,380	7,804,277	7,593,815	7,593,400	7,807,983	7,116,145
Special	2,763,311	3,084,910	3,137,428	3,086,230	3,239,169	3,324,125	3,300,078	3,222,644	3,228,314	2,948,555
Other special	323,054	268,682	286,708	293,853	323,935	421,870	460,527	372,529	340,246	381,606
Other	421,936	434,558	462,617	500,235	514,143	540,210	559,001	524,893	527,023	479,226
Support Services:										
Student & inst. related services	3,510,859	3,561,162	3,757,901	3,687,229	3,355,580	3,576,867	3,573,797	3,799,394	4,130,590	4,014,246
General administration	433,527	409,306	411,247	404,270	426,695	443,477	416,505	467,239	508,079	463,831
School administrative services	1,118,052	1,132,625	1,159,533	1,213,756	1,213,762	1,221,998	1,218,172	1,241,292	1,192,570	1,201,867
Central services	285,873	301,283	295,154	279,451	286,132	307,099	311,524	345,347	308,750	290,265
Plant operations and maintenance	1,504,066	1,703,157	1,833,604	1,825,043	1,976,080	1,961,619	2,063,275	1,837,030	1,827,892	1,680,660
Grounds	76,740									
Pupil transportation	464,048	501,909	537,632	529,031	498,680	360,491	393,572	579,614	684,708	323,162
Employee benefits	5,139,937	5,693,846	5,991,723	5,838,721	6,074,853	6,830,747	7,231,358	7,878,846	8,260,237	8,611,969
Capital outlay	171,671	222,772	241,868	658,602	285,344	368,456	307,132	360,774	1,236,320	340,118
Debt service:										
Principal	695,000	730,000	770,000	780,000	790,000	815,000	900,000	830,000	580,000	600,000
Interest and other charges	462,754	426,237	399,172	370,607	335,192	299,062	155,650	198,861	175,400	153,350
Total expenditures	24,069,004	25,139,442	26,267,306	26,720,242	26,772,945	28,275,298	28,484,406	29,251,863	30,808,112	28,605,000
Excess (deficiency) of revenues over (under) expenditures	592,306	140,474	1,424	(399,344)	109,987	(561,563)	(280,078)	(202,977)	(1,058,016)	1,320,656

BOROUGH OF PITMAN SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OTHER FINANCING SOURCES (USES):										
Capital leases (non-budgeted)	42,270	105,000	102,679	105,932	138,243	143,482	149,412	120,514	1,223,835	74,320
Other financing sources	298,031									
Transfers out (enterprise funds)	(80,000)	(80,000)	(75,000)	(70,000)	(90,000)	(141,000)	(100,000)	(80,000)	(80,000)	(118,000)
Transfers in	88,695									
Total other financing sources (uses)	348,996	25,000	27,679	35,932	48,243	2,482	49,412	40,514	1,143,835	(43,680)
Net change in fund balance	\$ 941,302	\$ 165,474	\$ 29,103	\$ (363,412)	\$ 158,230	\$ (559,081)	\$ (230,666)	\$ (162,463)	\$ 85,819	\$ 1,276,976
Debt service as a percentage of noncapital expenditures	4.84%	4.64%	4.49%	4.41%	4.25%	3.99%	3.75%	3.56%	2.55%	2.67%
Source District records										

BOROUGH OF PITMAN SCHOOL DISTRICT
 General Fund Other Local Revenue by Source
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Prior Year Refunds	Gate Receipts	Rentals	SREC'S	E-Rate	Miscellaneous	Annual Totals
2011	\$ 118,236	\$ 16,056	\$ 14,389	\$ 186,066			\$ 334,747
2012	62,261	16,038	14,035	70,491		\$ 1,698	164,523
2013	21,848	21,251	14,059	30,492		1,211	88,861
2014		17,279	12,915	43,914		3,645	77,753
2015	1,670	12,031	12,463	51,660		1,842	79,666
2016	3,719	13,281	8,500	218,476		60,721	304,697
2017	1,334	11,405		73,827	\$ 48,267	13,679	148,512
2018	8,756	4,007	2,500	62,812	55,670	851	134,596
2019	4,440	7,164	4,301	92,032	50,039	4,686	162,662
2020	18,979	13,661	3,106	95,770	35,989	16,517	184,022
	<u>\$ 241,243</u>	<u>\$ 132,173</u>	<u>\$ 86,268</u>	<u>\$ 925,540</u>	<u>\$ 189,965</u>	<u>\$ 104,850</u>	<u>\$ 1,680,039</u>

Source: District records

BOROUGH OF PITMAN SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2011	1,867,500	328,242,800	189,700	13,000	22,736,700	22,074,500	8,165,500	383,289,700	366,154	383,655,854	749,180,506	3.049
2012	1,493,600	328,606,700	189,700	32,200	22,167,000	15,074,500	8,007,000	375,570,700	308,395	375,879,095	730,802,858	3.208
2013	1,578,200	328,466,700	189,700	32,200	22,520,000	15,074,500	8,007,000	375,868,300	392,100	376,260,400	717,252,099	3.289
2014	2,694,200	503,186,700	225,800	13,800	44,362,500	18,289,200	17,451,600	586,223,800	743,943	586,967,743	673,172,118	2.191
2015	2,158,200	502,983,700	225,800	14,100	41,687,600	15,289,200	15,790,300	578,148,900	585,442	578,734,342	624,599,842	2.259
2016	1,973,300	503,624,700	225,800	14,300	40,188,500	10,678,800	15,790,300	572,495,700	603,264	573,098,964	600,466,502	2.316
2017	1,942,900	503,301,600	225,800	14,300	38,804,000	8,678,800	15,790,300	568,757,700	562,862	569,320,562	604,981,815	2.378
2018	1,942,900	503,579,700	225,800	14,300	38,591,300	8,678,800	15,790,300	568,823,100	563,436	569,386,536	603,110,372	2.443
2019	2,122,800	504,094,800	225,800	11,400	38,535,500	8,678,800	15,790,300	569,459,400	566,544	570,025,944	598,200,471	2.493
2020	2,093,900	504,185,600	225,800	11,400	38,148,300	8,678,800	15,790,300	569,134,100		569,134,100	607,005,449	2.549

Source: County Tax Assessor

(**) - Tax exempt property is not included in calculation.

BOROUGH OF PITMAN SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Per \$100 of Assessed Valuation
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Borough of Pitman School District Direct Rate			Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Borough of Pitman	Gloucester County	
2011	2.879	0.170	3.049	1.274	1.075	5.398
2012	3.053	0.155	3.208	1.325	1.041	5.574
2013	3.111	0.178	3.289	1.391	1.050	5.730
2014	2.078	0.113	2.191	0.914	0.693	3.798
2015	2.159	0.100	2.259	0.962	0.664	3.885
2016	2.217	0.099	2.316	1.005	0.687	4.008
2017	2.275	0.103	2.378	1.026	0.715	4.119
2018	2.336	0.107	2.443	1.044	0.713	4.200
2019	2.426	0.067	2.493	1.043	0.717	4.253
2020	2.475	0.074	2.549	1.045	0.732	4.326

Source: Abstract of Ratables County of Gloucester

BOROUGH OF PITMAN SCHOOL DISTRICT
Principal Property Taxpayers
Current and Nine Years Ago
Unaudited

Taxpayer	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
Sony Music			11,089,500	2.89%
AP Holly Court LLC	10,424,600	1.83%		
Lake Front LLC			4,986,100	1.30%
400 N. Woodbury Road LLC	3,000,000	0.53%		
Grandview Apts LLC	2,800,000	0.49%		
Comet Tool Company Inc.	2,047,000	0.36%	1,303,100	0.34%
LCR Leasing Corp.	1,648,100	0.29%	876,000	0.23%
Taxpayer #1	1,644,800	0.29%	3,004,200	0.78%
Bri Scot LP	1,550,000	0.27%		
Taxpayer #2	1,318,500	0.23%	1,700,200	0.44%
Pitman Garden Apartments Inc.	1,100,000	0.19%	650,100	0.17%
Newfield National Bank	1,025,000	0.18%		
Taxpayer #3			826,500	0.22%
Taxpayer #4			754,800	0.20%
TD Bank			627,000	0.16%
	<u>26,558,000</u>	<u>4.67%</u>	<u>25,817,500</u>	<u>6.73%</u>

Source: Municipal Tax Assessor

BOROUGH OF PITMAN SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year		Collections in Subsequent Year
		Amount	Percent of Levy	
2011	\$ 12,077,452	\$ 12,077,452	100.00%	
2012	12,033,606	12,033,606	100.00%	
2013	12,718,953	12,718,953	100.00%	
2014	12,996,514	12,996,514	100.00%	
2015	13,157,865	13,157,865	100.00%	
2016	13,395,546	13,395,546	100.00%	
2017	13,673,018	13,673,018	100.00%	
2018	14,150,377	14,150,377	100.00%	
2019	14,269,273	14,269,273	100.00%	
2020	14,740,158	14,740,158	100.00%	

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

BOROUGH OF PITMAN SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activates		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases			
2011	\$ 10,724,000		\$ 77,454			\$ 10,801,454	2.83%	1,194
2012	9,994,000		98,621			10,092,621	2.57%	1,118
2013	9,224,000		117,214			9,341,214	2.33%	1,036
2014	8,444,000		103,977			8,547,977	2.09%	950
2015	7,654,000		126,382			7,780,382	1.85%	863
2016	6,820,000		140,532			6,960,532	1.58%	773
2017	5,920,000		146,457			6,066,457	1.36%	673
2018	5,090,000		129,191			5,219,191	1.13%	580
2019	4,510,000		1,186,488	\$ 886,802		6,583,290	1.37%	516
2020	3,910,000		822,157	878,161		5,610,318	*	*

Source: District records

(*) - Not available

BOROUGH OF PITMAN SCHOOL DISTRICT
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per capita
	General Obligation Bonds	Deductions			
2011	\$ 10,724,000		\$ 10,724,000	2.80%	1,190
2012	9,994,000		9,994,000	2.66%	1,113
2013	9,224,000		9,224,000	2.45%	1,032
2014	8,444,000		8,444,000	1.44%	948
2015	7,654,000		7,654,000	1.32%	861
2016	6,820,000		6,820,000	1.19%	769
2017	5,920,000		5,920,000	1.04%	671
2018	5,090,000		5,090,000	0.89%	579
2019	4,510,000		4,510,000	0.79%	514
2020	3,910,000		3,910,000	0.69%	*

Source: District records

(*) - Not available

BOROUGH OF PITMAN SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2020
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Borough of Pitman (1)	\$ 14,823,516	100.00%	\$ 14,823,516
County of Gloucester (2)	227,739,500	2.15%	4,896,453
Subtotal, overlapping debt			19,719,969
Borough of Pitman School District			3,910,000
Total direct and overlapping debt			<u>\$ 23,629,969</u>

Sources:

- (1) Borough of Pitman annual debt statement
- (2) Gloucester County - The County's debt was apportioned to the Borough of Pitman by dividing the Borough's taxable assessed property values by the total taxable assessed property values for Gloucester County.

* The source for this computation was the Abstract of Ratables.

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 business of Pitman. 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 the 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.

BOROUGH OF PITMAN SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
 Unaudited

	Year	Equalized Valuation Basis								
	2019	\$ 620,918,721								
	2018	604,393,335								
	2017	593,947,061								
		<u>\$ 1,819,259,117</u>								
Average equalized valuation of taxable property		\$ 606,419,706								
Debt limit (4% of average equalized value)		24,256,788								
Total net debt applicable to limit		<u>3,910,000</u>								
Legal debt margin		<u>\$ 20,346,788</u>								
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 24,836,749	\$ 29,890,262	\$ 29,291,062	\$ 28,280,767	\$ 26,787,126	\$ 25,324,584	\$ 24,489,718	\$ 24,094,029	\$ 23,980,967	\$ 24,256,788
Municipal borrowing capacity utilized	10,724,000	9,994,000	9,224,000	8,444,000	7,654,000	6,820,000	5,920,000	5,090,000	4,510,000	3,910,000
Total net debt applicable to limit	<u>10,724,000</u>	<u>9,994,000</u>	<u>9,224,000</u>	<u>8,444,000</u>	<u>7,654,000</u>	<u>6,820,000</u>	<u>5,920,000</u>	<u>5,090,000</u>	<u>4,510,000</u>	<u>3,910,000</u>
Legal debt margin	<u>\$ 14,112,749</u>	<u>\$ 19,896,262</u>	<u>\$ 20,067,062</u>	<u>\$ 19,836,767</u>	<u>\$ 19,133,126</u>	<u>\$ 18,504,584</u>	<u>\$ 18,569,718</u>	<u>\$ 19,004,029</u>	<u>\$ 19,470,967</u>	<u>\$ 20,346,788</u>
Total net debt applicable to the limit as a percentage of debt limit	43.18%	33.44%	31.49%	29.86%	28.57%	26.93%	24.17%	21.13%	18.81%	16.12%

Source: Gloucester County Board of Taxation and District records.

BOROUGH OF PITMAN SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2011	9,008	\$ 381,029,392	\$ 42,299	11.40%
2012	8,980	393,243,180	43,791	11.70%
2013	8,938	401,673,720	44,940	6.80%
2014	8,907	408,831,300	45,900	6.20%
2015	8,889	421,267,488	47,392	5.40%
2016	8,865	440,280,225	49,665	4.50%
2017	8,818	447,487,046	50,747	4.00%
2018	8,798	461,499,090	52,455	3.80%
2019	8,772	480,223,140	54,745	3.50%
2020	8,741	458,954,946	52,506 A	*

Source: Population and unemployment data provided by the NJ Department of Labor and Workforce Development.

Personal income has been estimated based upon the municipal population and per capita personal income presented.

Per capita personal income by municipality estimated based upon the Census published by the U.S. Bureau of Economic Analysis.

(*) - Not available

A = Estimate

BOROUGH OF PITMAN SCHOOL DISTRICT
Principal Employers
Current and Nine Years Ago
Unaudited

Employer	2020			2011	
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Amazon	4,500	1	3.01%		
Rowan University	3,500	2	2.34%	1300	0.82%
Inspira Health	2,051	3	1.37%		
Jefferson Health	2,015	4	1.35%		
Underwood Memorial Hospital				1825	1.16%
Washington Township School District	1,550	5	1.04%	1504	0.95%
Shoprite	1,300	6	0.87%		
Kennedy Health Alliance			0.00%	1200	0.76%
County of Gloucester	1,200	7	0.07%	1500	0.95%
US Foodservices	1,014	8	0.68%	800	0.51%
Missa Bay, LLC			0.00%	950	0.60%
Monroe Township School District	805	9	0.54%	714	0.45%
Walmart - Turnersville	800	10	0.53%		
Exxon Mobil Research & Engineering				640	0.41%
Godwin Pumps				640	0.41%
	<u>18,735</u>		<u>11.78%</u>	<u>11,073</u>	<u>7.01%</u>

Source: Gloucester County Economic Development Office and Employer Directly.

Note: The information is for the County of Gloucester, information at the municipal level is not readily available.
N/A - Information is not available

BOROUGH OF PITMAN SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
 Unaudited

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction:										
Regular	100.20	101.00	103.30	104.72	101.80	101.80	102.30	103.10	102.30	89.00
Special education	59.20	66.40	71.00	71.09	70.60	70.96	69.30	63.25	66.08	61.70
Support services:										
Student & instruction related services	34.00	34.60	34.30	31.13	33.80	33.38	28.50	30.70	32.92	32.14
School administrative services	14.50	14.70	16.60	17.35	18.40	19.14	20.60	19.90	19.60	19.60
Central services	5.70	5.70	3.70	3.70	3.70	4.00	4.00	4.00	4.00	4.86
Plants operations & maintenance	19.30	19.10	19.80	19.90	19.90	20.81	19.20	20.40	19.20	20.10
Other support services						1.26	3.00	3.00	3.00	3.00
Food service	7.00	7.00	7.00	7.00	7.00	10.11	5.90	5.90	6.10	6.10
Total	<u>239.90</u>	<u>248.50</u>	<u>255.70</u>	<u>254.89</u>	<u>255.20</u>	<u>261.46</u>	<u>252.80</u>	<u>250.25</u>	<u>253.20</u>	<u>236.50</u>

Source: District Personnel Records

BOROUGH OF PITMAN SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2011	1,567	\$ 22,739,579	\$ 14,512	43.69%	164.0	11.30	10.50	9.70	1,543.2	1,456.3	1.80%	94.37%
2012	1,565	23,760,433	15,182	4.62%	158.5	*	*	*	1,525.0	1,450.7	-1.18%	95.13%
2013	1,513	24,856,266	16,428	8.21%	167.4	10.28	11.40	11.29	1,505.1	1,439.2	-1.30%	95.62%
2014	1,505	24,911,033	16,552	0.75%	174.3	9.12	9.17	9.63	1,447.4	1,391.3	-3.84%	96.13%
2015	1,461	25,362,409	17,360	4.88%	164.9	9.04	8.35	9.52	1,405.8	1,349.8	-2.87%	96.02%
2016	1,418	26,792,780	18,895	8.84%	161.1	8.45	8.98	9.00	1,359.5	1,305.4	-3.29%	96.02%
2017	1,351	27,121,624	20,075	6.25%	162.3	8.38	7.68	8.60	1,345.4	1,280.1	-1.04%	95.15%
2018	1,327	27,862,228	20,996	4.59%	163.3	7.95	7.43	8.52	1,299.2	1,237.2	-3.43%	95.23%
2019	1,292	28,816,392	22,304	6.23%	162.1	6.57	8.27	8.85	1,264.8	1,206.3	-2.65%	95.38%
2020	1,236	27,511,532	22,259	-0.20%	143.3	8.80	8.10	8.60	1,235.1	1,196.4	-2.34%	96.87%

Source: District records

Note: Enrollment based on annual October District count.

Operating expenditures equal total expenditures less debt service and capital outlay.

Teaching staff includes only full-time equivalents of certificated staff.

Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

(*) - Information not available

BOROUGH OF PITMAN SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 Unaudited

District Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Elementary</u>										
Memorial School - 1962										
Square feet	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717	65,717
Capacity (students)	309	309	309	309	309	309	309	309	309	309
Enrollment	267	254	251	230	221	208	200	182	187	183
Kindle School - 1926										
Square feet	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977	32,977
Capacity (students)	217	217	217	217	217	217	217	217	217	217
Enrollment	230	207	205	211	205	195	187	174	166	165
W.C.K. Walls School - 1926										
Square feet	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902	38,902
Capacity (students)	274	274	274	274	274	274	274	274	274	274
Enrollment	248	243	247	238	236	228	248	246	229	211
<u>Middle School</u>										
Pitman Middle School - 1922										
Square feet	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684	78,684
Capacity (students)	381	381	381	381	381	381	381	381	381	381
Enrollment	379	383	349	359	350	343	307	302	306	314
<u>High School</u>										
Pitman High School - 1971										
Square feet	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415	99,415
Capacity (students)	556	556	556	556	556	556	556	556	556	556
Enrollment	435	443	456	436	436	433	401	401	379	351

Number of Schools at June 30, 2020

 Elementary = 3

 Middle School = 1

 Senior High School = 1

Source: District Facilities Office. Enrollment is based on June student counts.

BOROUGH OF PITMAN SCHOOL DISTRICT
 General Fund
 Schedule of Required Maintenance Expenditures by School Facility
 For the Fiscal Year Ended June 30, 2020

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

* School Facilities

Project # (s)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Memorial	\$ 3,412	\$ 38,898	\$ 6,369	\$ 16,493	\$ 38,508	\$ 59,750	\$ 21,228	\$ 35,466	\$ 39,261	\$ 10,366	\$ 269,751
Kindle	6,041	59,916	13,930	19,909	54,747	145,441	371,286	25,344	29,271	10,989	736,874
Walls	8,668	78,238	19,948	11,813	16,393	21,229	16,061	58,481	45,330	7,393	283,554
Middle	18,300	88,492	36,477	70,458	38,563	69,653	35,261	28,193	29,443	26,538	441,378
High School	60,027	56,838	260,167	131,443	295,446	142,350	52,601	123,768	44,472	57,446	1,224,558
Total School Facilities	\$ 96,448	\$ 322,382	\$ 336,891	\$ 250,116	\$ 443,657	\$ 438,423	\$ 496,437	\$ 271,252	\$ 187,777	\$ 112,732	\$ 2,956,115

* School facilities as defined under EFCFA.
 (NJAC 6A:26-1.2 and NJAC 6A:26-1.3)

Source: District records

BOROUGH OF PITMAN SCHOOL DISTRICT
Insurance Schedule
June 30, 2020
Unaudited

Atlantic & Cape May Counties Association of School Business Officials

I. Property, Inland Marine and Automobile Physical Damages	
A. Limit of Liability:	\$175,000,000 Per Occurrence
1. GCSSDJIF Self Insured Retention	250,000 Per Occurrence
2. Member District Deductible	500 Per Occurrence
3. Perils Included	"All Risk"
B. Property Valuation	
1. Buildings and Contents	Replacement Cost
2. Contractors Equipment	Actual Cash Value
3. Automobiles	Replacement Cost
II. Boiler and Machinery	
A. Limit of Liability:	125,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	1,000
III. Crime	
A. Limits of Liability	500,000
1. GCSSDJIF Self-Insured Retention:	250,000
2. Member District Deductible:	500
IV. General and Automobile Liability	
A. Limit of Liability:	20,000,000
1. GCSSDJIF Self Insured Retention (SIR):	250,000
2. Member District Deductible:	None
V. Workmen's Compensation	
A. Limits of Liability:	Statutory
1. GCSSDJIF Self Insured Retention:	250,000
2. Member District Deductible	None
VI. Educator's Legal Liability	
A. Limits of Liability:	20,000,000
1. GCSSDJIF Self Insured Retention:	250,000
2. Member District Deductible:	None
VII. Pollution Legal Liability (Refer to attached Certificate of Coverage for Covered Districts)	
A. Limits of Liability:	3,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	25,000
3. Member District Deductible - Mold Incident	\$100,000 - \$250,000
VIII. Cyber Liability	
A. Limits of Liability:	2,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	10,000
IX. Violent Malicious Acts	
A. Limits of Liability:	1,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	15,000
X. Disaster Management Services	
A. Limits of Liability:	2,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	15,000
Surety Bond - Massachusetts Bay Insurance Company	
Board Secretary/Business Administrator - Kelly Brazelton	250,000

Source: District Records

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
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Nick L. Petroni, CPA, RMA

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Deanna L. Roller, CPA, RMA

EXHIBIT K-1

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

Honorable President and
Members of the Board of Education
Borough of Pitman School District
420 Hudson Avenue
Pitman, New Jersey 08071

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the Governmental activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Borough of Pitman School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Borough of Pitman School District's basic financial statements, and have issued our report thereon dated December 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Pitman School District's 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 Borough of Pitman School 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.

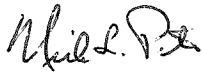
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies 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 Borough of Pitman School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

December 15, 2020

PETRONI & ASSOCIATES LLC

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EXHIBIT K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE REQUIRED BY *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST
PRINCIPLES, AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE),
AND NEW JERSEY OMB'S CIRCULAR 15-08***

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Borough of Pitman School District
420 Hudson Avenue
Pitman, New Jersey 08071

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Pitman School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Borough of Pitman School District's major Federal and State programs for the year ended June 30, 2020. The Borough of Pitman School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal and State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Pitman School District's major Federal and 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 of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance), *New Jersey State Aid/Grant Compliance Supplement*, *Audits of States, Local Governments, and Non-Profit Organizations*, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of

Federal Grants, State Grants and State Aid. Those standards, Uniform Guidance and New Jersey OMB's 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 Federal and State program occurred. An audit includes examining, on a test basis, evidence about the Borough of Pitman School 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 Borough of Pitman School District's compliance.

Opinion on Each Major Federal and State Programs

In our opinion, the Borough of Pitman School 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 other major Federal and State programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Borough of Pitman School 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 Borough of Pitman School 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 Uniform Guidance, and New Jersey OMB's 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 Borough of Pitman School 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 federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal and State program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal and State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.


Our consideration of internal control over compliance was for the limited purpose described in the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal controls 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 Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by Uniform Guidance and Expenditures of State Financial Assistance Required by NJ OMB's Circular 15-08

We have audited the financial statements Borough of Pitman School District as of and for the year ended June 30, 2020, and have issued our report thereon dated December 15, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by Uniform Guidance and NJ OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of Management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

December 15, 2020

BOROUGH OF PITMAN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2020			MEMO Cumulative Total Expenditures
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State Department of Education:																
General Fund:																
Medicaid Cluster																
Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	N/A	\$ 60,852	07/1/19	06/30/20			\$ 60,064	\$ (60,852)						\$ 60,852
Medical Assistance Program (SEMI)	93.778	1905NJ5MAP	N/A	38,230	07/1/18	06/30/19	(858)		858							38,230
Total General Fund/Medicaid Cluster							(858)		60,922	(60,852)			(788)			99,082
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I - Part A	84.010	S010A190030	ESEA414020	152,455	07/1/19	06/30/20			85,923	(152,452)			(66,529)			152,452
Title I - Part A	84.010	S010A180030	ESEA414019	158,828	07/1/18	06/30/19	(347)		347							
Title I -SIA	84.010A	S010A190030	ESEA414020	8,900	07/1/19	06/30/20				(6,226)			(6,226)			8,900
Subtotal							(347)		86,270	(158,678)			(72,755)			161,352
Special Education Cluster																
IDEA Part B, Basic Regular	84.027A	H027A190100	IDEA414020	354,700	07/1/19	06/30/20			244,154	(354,700)			(110,546)			354,700
IDEA Part B, Preschool	84.173	H173A190114	IDEA414020	14,529	07/1/19	06/30/20			10,378	(14,529)			(4,151)			14,529
Total Special Education Cluster									254,532	(369,229)			(114,697)			369,229
Title II A, Teacher & Principal Training	84.367	S367A190029	ESEA414020	45,385	07/1/19	06/30/20			14,425	(42,410)			(27,985)			42,410
CARES Emergency Relief	84.425	S425D200027		121,385	03/13/20-	09/30/22			91,686	(109,589)			(17,903)			
Total Special Revenue Fund							(347)		446,913	(679,906)			(233,340)			572,991
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Child Nutrition Cluster																
Food Distribution Program	10.555	201NJ304N1099	N/A	23,102	07/1/19	06/30/20			23,102	(18,875)			\$ 4,227			18,875
Food Distribution Program	10.555	191NJ304N1099	N/A	21,861	07/1/18	06/30/19	4,881			(4,881)						21,861
School Breakfast Program	10.553	201NJ304N1099	N/A	34,415	07/1/19	06/30/20			26,977	(34,415)			(7,438)			34,415
School Breakfast Program	10.553	191NJ304N1099	N/A	20,111	07/1/18	06/30/19	(1,111)		1,111							20,111
National School Lunch Program	10.555	201NJ304N1099	N/A	102,535	07/1/19	06/30/20			90,769	(102,535)			(11,766)			102,535
National School Lunch Program	10.555	191NJ304N1099	N/A	110,348	07/1/18	06/30/19	(5,377)		5,377							110,348
Special Milk Program	10.556	201NJ304N1099	N/A	94	07/1/19	06/30/20			94	(94)						94
Special Milk Program	10.556	191NJ304N1099	N/A	162	07/1/18	06/30/19	(9)		9							162
Total Enterprise Fund/Child Nutrition Cluster							(1,616)		147,439	(160,800)			(19,204)	4,227		308,401
Total Federal Financial Awards							\$ (2,821)		\$ 655,274	\$ (901,558)			\$ (253,332)	\$ 4,227		\$ 980,474

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

BOROUGH OF PITMAN SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019			Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Year's Expenditures	Balance at June 30, 2020			MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/(Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Transportation Aid	20-495-034-5120-014	\$ 148,522	07/1/19	06/30/20				\$ 148,522	\$ (148,522)					\$ 13,917	\$ 148,522
State Aid Public															
Equalization Aid	20-495-034-5120-078	7,117,182	07/1/19	06/30/20			7,117,182	(7,117,182)						666,888	7,117,182
Special Education Categorical Aid	20-495-034-5120-089	925,239	07/1/19	06/30/20			925,239	(925,239)						86,696	925,239
Security Aid	20-495-034-5120-084	142,285	07/1/19	06/30/20			142,285	(142,285)						13,332	142,285
Adjustment Aid	20-495-034-5120-085	1,038,706	07/1/19	06/30/20			1,038,706	(1,038,706)						97,328	1,038,706
Extraordinary Aid	20-100-034-5120-044	158,669	07/1/19	06/30/20			158,669	(158,669)			\$ (158,669)				158,669
Extraordinary Aid	19-100-034-5120-044	201,383	07/1/18	06/30/19		\$ (201,383)	201,383								201,383
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	835,624	07/1/19	06/30/20			797,218	(835,624)			(38,406)				835,624
On-Behalf TPAF Pension	20-495-034-5094-002	2,556,338	07/1/19	06/30/20			2,556,338	(2,556,338)							2,556,338
On-Behalf TPAF Long-term Disability Insurance	20-495-034-5094-004	1,692	07/1/19	06/30/20			1,692	(1,692)							1,692
On-Behalf TPAF Post-retirement Medical	20-495-034-5094-001	948,355	07/1/19	06/30/20			948,355	(948,355)							948,355
Total General Fund						(201,383)	13,876,920	(13,872,612)			(197,075)			878,161	14,073,995
Debt Service Fund:															
Debt Service Aid Type II	20-495-034-5120-017	327,202	07/1/19	06/30/20			327,202	(327,202)							327,202
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	20-100-010-3350-023	3,826	07/1/19	06/30/20			2,738	(3,826)			(1,088)				3,826
National School Lunch Program (State Share)	19-100-010-3350-023	3,722	07/1/18	06/30/19		(180)	180								3,722
Total Enterprise Fund						(180)	2,918	(3,826)			(1,088)				7,548
Total State Financial Assistance						\$ (201,563)	\$ 14,207,040	\$ (14,203,640)			\$ (198,163)			\$ 878,161	\$ 14,408,745
Less: On-Behalf TPAF Pension System Contributions															
On-Behalf TPAF Pension								\$ (2,556,338)							
On-Behalf TPAF Long-term Disability Insurance								(1,692)							
On-Behalf TPAF Post-retirement Medical								(948,355)							
								(3,506,385)							
Total for State Financial Assistance - Major Program Determinations								\$ (10,697,255)							

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2020**

NOTE 1: GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include Federal and State activity of the Board of Education, Borough of Pitman School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All Federal and State Awards 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 Schedule 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 on the budgetary basis of accounting with the exception for programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 - *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis, with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44-.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of one or more June state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the one or more June state aid payments in the current budget year, consistent with NJSA 18A:22-4-.2.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2020**

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$16,884 for the General Fund and (\$76,477) for the Special Revenue Fund. See Note A (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 60,852	\$ 13,875,049	\$ 13,935,901
Special Revenue Fund	603,429		603,429
Debt Service Fund		327,202	327,202
Food Service Fund	160,146	3,826	163,972
Total Financial Assistance	<u>\$ 824,427</u>	<u>\$ 14,206,077</u>	<u>\$ 15,030,504</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: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. As of June 30, 2020, the Borough of Pitman School District has food commodities totaling \$4,227 in inventory.

NOTE 6: OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

NOTE 7: INDIRECT COST RATE

The Borough of Pitman School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**BOROUGH OF PITMAN SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2020**

**NOTE 8: ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT
MAJOR PROGRAM DETERMINATION**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are excluded from State single audit major program determination. The Schedule of State Financial Assistance provides a reconciliation of State Financial Assistance reported in the District's financial statements and the amounts subject to State single audit and major program determination.

**BOROUGH OF PITMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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. Material weakness(es) identified? Yes X No

2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to basic financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

1. Material weakness(es) identified? Yes X No

2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A160100	Special Education Cluster (IDEA) IDEA Basic
84.173	H173A160114	IDEA Preschool

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

Auditee qualified as low-risk auditee? X Yes No

**BOROUGH OF PITMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditor’s Results (Continued)

State Awards

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

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB’s Circular 15-08? Yes X No

Identification of major programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	State Aid Public:
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-085	Adjustment Aid
495-034-5120-084	Security Aid
495-034-5094-003	Reimbursed TPAF Social Security

Section II – Financial Statement Findings

No matters reported.

FEDERAL AWARDS

No matters reported.

STATE AWARDS

No matters reported.

**BOROUGH OF PITMAN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Status of Prior Year Findings

N/A

Findings

N/A

Condition

N/A

Current Status

N/A