

**POHATCONG TOWNSHIP
SCHOOL DISTRICT**

**Pohatcong Township School District
Board of Education
Phillipsburg, Warren County
New Jersey**

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

Comprehensive Annual

Financial Report

of the

Pohatcong Township School District

Board of Education

Phillipsburg, New Jersey

For the Fiscal Year Ending June 30, 2020

Prepared by

Pohatcong Township School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section

Pohatcong Township Board of Education

240 Route 519

Phillipsburg, NJ 08864

(908) 859-8155 Tel.

(908) 859-8067 Fax

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

Dear Board Members:

The comprehensive annual financial report of the Township of Pohatcong School District (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 (Board). 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 list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Uniform Guidance, "Audits of State and Local Governments and Non Profit Organizations", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES: The Pohatcong Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report.

The Pohatcong Township Board of Education and all its schools constitute the District's reporting entity. The district provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The district completed the 2019-20 fiscal year with an enrollment of 315 students inclusive of preschool students. The following details the changes in the student enrollment.

Fiscal Year	<u>Average Daily Enrollment</u>	
	Student Enrollment	Percentage Change
2019-20	315	7.5
2018-19	293	-5.8
2017-18	311	1.5
2016-17	297	-1.9
2015-16	303	-5.3
2014-15	320	-6.2

TUITION PUPILS: Pohatcong Township School District sends our grade 9 to 12 students to Phillipsburg High School on a tuition basis. Approximately 116 students attended Phillipsburg High School while 26 students attended the Warren County Technical School District.

Currently the district sends approximately 9 children, ages three through twenty-one, for special educational instruction outside the Pohatcong Township School District as per the individual student's educational placement requirements.

PRESENT CONDITION AND OUTLOOK: The Pohatcong School will be entering its eighteenth year in 2019-20. The building is a modern, well equipped, facility with more than enough space to accommodate current enrollment. There are six classrooms that are not used on a daily basis. We have one room that is used for Occupational and Physical Therapy.

The Pohatcong School receives regular cleaning and maintenance of all building systems. Community groups and sports teams hold many activities and events on nights and weekends inside and outside of the building. Student activities and events at night cause heavy use of the facilities.

Large sections of Pohatcong Township are in the hands of developers. There continues to be a great deal of discussion concerning pending housing projects. The township Land Use Board is working to ensure that development progresses in a planned and orderly manner.

MAJOR INITIATIVES/PLANNING: In 2019-20, we continued to incorporate technology including Google Apps for Education into the daily instruction for all grades. We also continued our one-to-one ChromeBook initiative for students in grades 3-8 and assessed which technology would be obsolete in order to plan for replacement.

Progress of students was monitored through ongoing standardized assessments within Mathematics and English Language Arts in order to further individualize instruction and also prepare students for NJSLA. Mathematics and ELA series assessment materials were used while data analysis teams continued to meet.

Our Response to Intervention Program and Basic Skills Program continued utilizing Leveled Literacy Intervention Program for grades K-4. Read 180 was used for qualifying special

education students System 44 or iRead was used for students who did not qualify for Read 180 and needed a more phonic-based approach. A coaching model of professional development was also used for these programs.

We selected new programs for grade 5 Social Studies and grades 7 -8 English Language Arts. Our selection was a balanced program with print and online resources as well as ancillary materials that allow us to differentiate instruction, analyze data, and address different learning styles.

Pohatcong School District, using our school counselor, school social worker, and grade level teachers continued to foster positive school climate through character education and social and emotional learning lessons, speakers, assemblies, and programs. We focused on small group meetings focusing on grade level needs and positive behavioral choices with our students. We continued our position of School Resource Officer, who in addition to his security duties, also participated in positive school climate initiatives.

After school clubs were continued in order to accommodate varying student interests and academic needs.

As of March 13, 2020, delivery of remote learning was a primary focus due to COVID 19 quarantine restrictions.

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

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.

ECONOMIC CONDITION: 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.

BUDGET INFORMATION SHEET - OVERALL COMMENTS: The Pohatcong Township School District's 2019-20 School Budget encompassed the educational programs for students from grades kindergarten through twelfth grade in regular education, and preschool through age

twenty-one in special education. In addition, the district's budget included the operational expenses for the township school.

The 2019-20 budget was developed to stay within the "Maximum Permitted Net Budget" as defined by the State of New Jersey Department of Education. The 2019-20 budget needed to support the educational and operational costs of delivering a thorough and efficient education was developed using the allowable spending growth limitation adjustments in the area of non-remote transportation. Revenues to support the 2019-20 budget were principally derived from the local tax levy.

DEBT ADMINISTRATION: The district had debt service payments of interest and principal totaling \$902,957.50 for the 2019-20 school year. State aid for debt service was 16.5% of total cost.

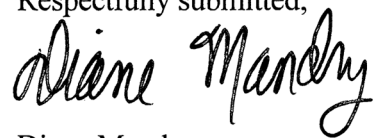
CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government 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. Cash, not immediately required for district payments, is invested in a Municipal Sweep account with PNC.

RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. During 2019-20, the district participated in the New Jersey School Board Association Insurance Group. This is a joint insurance fund specializing in insurance for public education entities.

OTHER INFORMATION: State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The Board selected the accounting firm of Ardito & Co. 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 1984 and the related OMB Uniform Guidance and state Treasury Circular Letter 04-04 OMB. 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.

ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Pohatcong Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and diligent auditing services of the firm of Ardito & Co.

Respectfully submitted,

A handwritten signature in black ink that reads "Diane Mandry". The script is fluid and cursive, with the first name "Diane" and last name "Mandry" clearly legible.

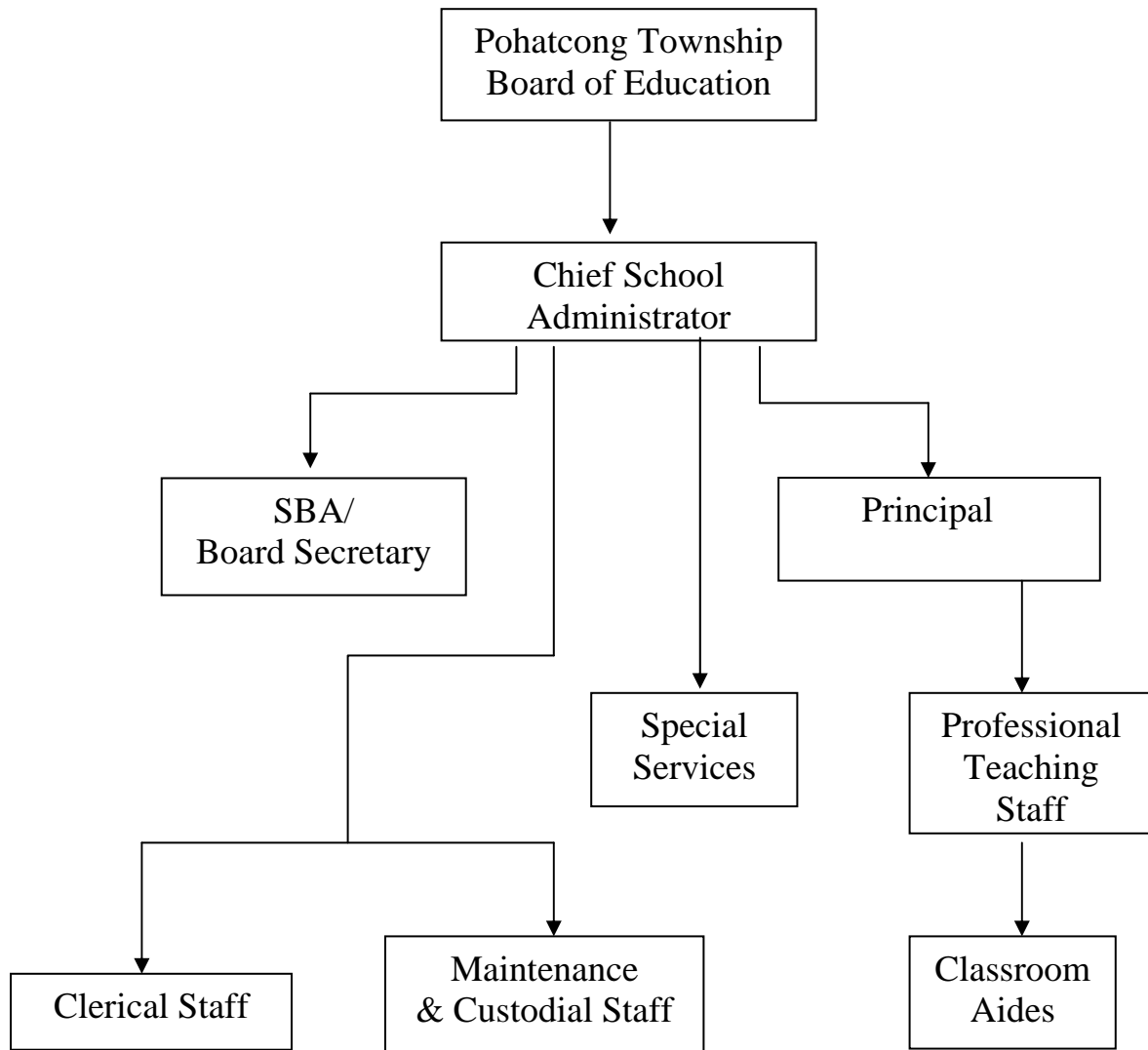
Diane Mandry
Chief School Administrator

A handwritten signature in black ink that reads "Tim Mantz". The script is cursive and somewhat stylized, with the first name "Tim" and last name "Mantz" clearly legible.

Tim Mantz
Board Secretary/Business Administrator

Pohatcong Township Board of Education

Organization Chart 2019-20



**Pohatcong Township School District
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Patricia Babcock, President	2021
Kristine Griesmeyer, Vice President	2020
Joseph Delesky	2021
Lynn Erk	2020
Wayne Hann	2021
Jamie Hudak	2022
Reni Melvin	2022
Carrolyn Fiorino	2022
Angela Merrick	2020

Other Officials

Diane Mandry, Chief School Administrator

Tim Mantz, Board Secretary/School Business Administrator

Cindy L. Hanics, Treasurer

**Pohatcong Township School District
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ATTORNEY

Comegno Law Group P.C.
Tall Oaks Corp. Ctr. 11
Maple Shade, New Jersey 08052

AUDIT FIRM

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

BOND COUNSEL

Wilentz, Goldman & Spitzer
Anthony J. Pannella Jr.
90 Woodbridge Center Drive
Woodbridge, NJ 08525

ARCHITECT

Focus Architecture, LLC
3 Tree Farm Road, Suite 200
Pennington, NJ 08534

OFFICIAL DEPOSITORIES

PNC Bank
331 3rd Avenue
Alpha, NJ 08865

Financial Section

Independent Auditor's Report



ARDITO & COMPANY LLC

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

Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Pohatcong Township School District
County of Warren
Phillipsburg, New Jersey 08865

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Pohatcong Township School District Board of Education, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 of 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.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 that 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, business-type activities, each major fund, and the aggregate remaining fund information of the Pohatcong Township School District Board of Education, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19, the spread of the COVID 19 coronavirus is affecting the United States and global economies and may have an impact on the District's subsequent operational and financial performance. At this point, the District cannot reasonably estimate the impact on its subsequent operations or financial results. The accompanying financial statements do not include any adjustments related to subsequent events. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend information as 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.

-Continued-

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pohatcong Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey 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.

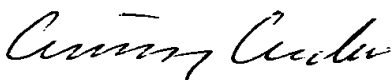
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated December 9, 2020, on our consideration of the Pohatcong Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the District's internal control over financial reporting and compliance.



ARDITO & COMPANY LLC
December 9, 2020



Licensed Public School Accountant No. 2369

Required Supplementary Information - Part I

Management's Discussion and Analysis

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

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

Financial Highlights

Key financial highlights for 2020 are as follows:

- ◆ In total, Net Position increased \$471,746 which represents a 29.8% increase from 2019.
- ◆ General revenues accounted for \$6,381,532 in revenue or 63.4% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,686,495 or 36.6% of total revenues of \$10,068,027.
- ◆ Total assets of governmental activities decreased by \$203,688, as cash and cash equivalents increased by \$277,065, receivables decreased by \$7,556, and capital assets decreased by \$374,874.
- ◆ The School District had \$9,596,281 in expenses; only \$3,686,495 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$6,381,532 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$8,348,863 in revenues and \$8,218,342 in expenditures. The General Fund's surplus balance increased \$130,521 over 2019, which compares to the budgeted decrease of \$906,929.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

These two statements report the School District's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 24. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District's Net Position for 2020 compared to 2019.

**Table 1
Net Position**

	<u>2020</u>	<u>2019</u>
Assets		
Current and Other Assets	\$ 2,240,788	\$ 2,069,602
Capital Assets	<u>5,799,565</u>	<u>6,174,439</u>
Total Assets	<u>8,040,353</u>	<u>8,244,041</u>
 Deferred Outflows of Resources	 <u>177,212</u>	 <u>257,602</u>
 Liabilities		
Long-Term Liabilities	4,882,139	5,597,263
Other Liabilities	<u>821,327</u>	<u>798,259</u>
Total Liabilities	<u>5,703,466</u>	<u>6,395,522</u>
 Deferred Inflows of Resources	 <u>460,703</u>	 <u>524,471</u>
 Net Position		
Invested in Capital Assets, Net of Debt	904,439	904,439
Restricted	1,656,389	1,700,343
Unrestricted	<u>(507,432)</u>	<u>(1,023,132)</u>
Total Net Position	<u>\$ 2,053,396</u>	<u>\$ 1,581,650</u>

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Total assets of governmental activities decreased by \$203,688, as cash and cash equivalents increased by \$277,065, receivables decreased by \$7,556, and capital assets decreased by \$374,874.

Cash increased due to underspending budgeted appropriations, receivables decreased due to collection of prior year's receivables, and capital assets decreased entirely due to depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2019.

Table 2
Changes in Net Position

	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 326,608	\$ 342,952
Operating Grants and Contributions	3,359,887	3,802,111
General Revenues:		
Property Taxes	6,227,336	6,151,221
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	3,926	5,097
Other	<u>150,270</u>	<u>160,082</u>
Total Revenues	<u>10,068,027</u>	<u>10,461,463</u>
 Program Expenses		
Instruction	4,278,594	4,639,949
Support Services:		
Tuition	2,000,379	2,359,437
Pupils and Instructional Staff	849,289	828,463
General Administration, School Administration, Business	687,645	721,023
Operations and Maintenance of Facilities	820,929	846,284
Pupil Transportation	372,524	438,683
Business-Type Activities	341,784	368,147
Interest and Fiscal Charges	<u>245,137</u>	<u>277,397</u>
Total Expenses	<u>9,596,281</u>	<u>10,479,383</u>
 Increase in Net Position	 <u>\$ 471,746</u>	 <u>\$ (17,920)</u>

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 61.9% percent of revenues for governmental activities for the PohatcongTownship School District for the fiscal year 2020.

Instruction comprises 44.6% of district expenses. Support services expenses make up 49.3% of the expenses.

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

Table 3

	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>
Instruction	\$ 4,278,594	\$ 2,665,592	\$4,639,949	\$2,839,973
Support Services:				
Tuition	2,000,379	1,331,650	2,359,437	1,536,302
Pupils and Instructional Staff	849,289	561,971	828,463	525,550
General Admin., School Admin., Business	687,645	457,764	721,023	469,480
Operation and Maintenance of Facilities	820,929	546,491	846,284	551,042
Pupil Transportation	372,524	247,989	438,683	285,640
Business-Type Activities	341,784	2,232	368,147	4,144
Interest and Fiscal Charges	<u>245,137</u>	<u>96,097</u>	<u>277,397</u>	<u>122,189</u>
Total Expenses	<u>\$ 9,596,281</u>	<u>\$ 5,909,786</u>	<u>\$ 10,479,383</u>	<u>\$ 6,334,320</u>

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

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

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

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

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

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

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

The dependence upon tax revenues is apparent. Over 62.3% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 66.5%. The community, as a whole, is the primary support for the PohatcongTownship School District.

The School District's Funds

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$9,419,784 and expenditures of \$9,289,263. The General Fund's surplus balance increased \$130,521 over 2019, which compares to the budgeted decrease of \$906,929.

General Fund Budgeting Highlights

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

During the course of the fiscal 2020 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$7,453,858, \$71,852 under original budgeted estimates of \$7,525,710. This difference was due primarily to the loss of transportation revenues due to COVID-19 school closures.

General fund revenues exceeded expenditures by \$129,476. Again this surplus compares to a budgeted deficit of \$906,929, which was due to the budgeted use of surplus needed to balance the 2020 budget. The district reduced the budgeted deficit with cost savings in the areas of instruction, support services, and tuition.

Overall general fund balance (budget basis) was \$2,320,545, and amounts ear-marked and reserved for future purposes were \$2,070,545, creating a surplus in unreserved fund balance of \$250,000. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Capital Assets

At the end of the fiscal year 2020, the School District had \$5,799,565 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2020 balances compared to 2019.

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

	<u>2020</u>	<u>2019</u>
Land	\$ -	\$ -
Land Improvements	(13,107)	43,173
Buildings and Improvements	5,751,536	6,036,939
Machinery and Equipment	<u>61,136</u>	<u>94,327</u>
Totals	<u>\$ 5,799,565</u>	<u>\$ 6,174,439</u>

Overall capital assets decreased \$374,874 from fiscal year 2019 to fiscal year 2020. The decrease in capital assets was due to depreciation expense for the year.

Capital improvements of \$6,108 were purchased during fiscal year 2020.

Debt Administration

At June 30, 2020, the School District had \$4,656,971 as outstanding long term debt. Of this amount, \$31,971 is for compensated absences and \$4,625,000 is for bonds payable.

At June 30, 2020, the School District's overall legal debt margin was \$6,279,113 and the unvoted debt margin was the same.

POHATCONG TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

For the Future

The Pohatcong Township School District is in very good financial condition presently. A major concern is declining property valuations coupled with heavy reliance on local property taxes to fund the school's operations.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Tim Mantz, School Business Administrator/Board Secretary at Pohatcong Township School District, 240 Route 519, Phillipsburg, NJ 08865.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2020

	GOVERNMENTAL BUSINESS-TYPE		
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,737,725	\$ 19,095	\$ 1,756,820
Receivables, Net	78,348		78,348
Inventory		4,842	4,842
Restricted Assets:			
Capital Reserve Account - Cash	250,778		250,778
Emergency Reserve Account - Cash	150,000		150,000
Capital Assets, Net (Note 6):	5,799,565		5,799,565
Total Assets	8,016,416	23,937	8,040,353
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	177,212		177,212
LIABILITIES			
Accounts Payable		1,134	1,134
Unearned Revenue	68,328	1,025	69,353
Accrued Interest	110,840		110,840
Net Pension Liability (Note 8)	865,168		865,168
Noncurrent Liabilities (Note 7):			
Due Within One Year	640,000		640,000
Due Beyond One Year	4,016,971		4,016,971
Total Liabilities	5,701,307	2,159	5,703,466
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	460,703		460,703
NET POSITION			
Invested in Capital Assets, Net of Related Debt	904,439		904,439
Restricted for:			
Capital Reserve Account	250,778		250,778
Emergency Reserve Account	150,000		150,000
Other Purposes	1,255,611		1,255,611
Unrestricted	(529,210)	21,778	(507,432)
Total Net Position	\$ 2,031,618	\$ 21,778	\$ 2,053,396

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 3,294,548	\$ 18,100	\$ 1,265,934		\$ (2,010,514)	\$ (2,010,514)
Special Education	713,342		238,471		(474,871)	(474,871)
Other Special Instruction	270,704		90,497		(180,207)	(180,207)
Support Services:						
Tuition	2,000,379		668,729		(1,331,650)	(1,331,650)
Student & Instruction Related Services	849,289		287,318		(561,971)	(561,971)
School Administrative Services	190,166		63,573		(126,593)	(126,593)
General and Business Admin. Services	497,479		166,308		(331,171)	(331,171)
Plant Operations and Maintenance	820,929		274,438		(546,491)	(546,491)
Pupil Transportation	372,524		124,535		(247,989)	(247,989)
Interest on Long-Term Debt	245,137		149,040		(96,097)	(96,097)
Unallocated Depreciation					-	-
Total Governmental Activities	9,254,497	18,100	3,328,843		(5,907,554)	(5,907,554)
Business-Type Activities:						
Food Service	81,784	48,508	31,044			\$ (2,232)
Shared Services	260,000	260,000				-
Total Business-Type Activities	341,784	308,508	31,044	-	-	(2,232)
Total Primary Government	\$ 9,596,281	\$ 326,608	\$ 3,359,887		\$ (5,907,554)	\$ (2,232)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 5,473,418		\$ 5,473,418
Taxes Levied for Debt Service				753,918		753,918
Investment Earnings				3,878	48	3,926
Miscellaneous Income				150,270		150,270
Total General Revenues, Special Items, Extraordinary Items and Transfers				6,381,484	48	6,381,532
Change in Net Position				473,930	(2,184)	471,746
Net Position—Beginning				1,557,688	23,962	1,581,650
Net Position—Ending				\$ 2,031,618	\$ 21,778	\$ 2,053,396

FUND FINANCIAL STATEMENTS

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 2,107,958	\$ 437	\$ 30,106	\$ 2	\$ 2,138,503
Interfund Receivables	30,106	321			30,427
Other Receivables	548	1			549
Receivables from Other Governments	10,230	67,569			77,799
TOTAL ASSETS	\$ 2,148,842	\$ 68,328	\$ 30,106	\$ 2	\$ 2,247,278
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable				\$	-
Interfund Payable	\$ 321		\$ 30,106		30,427
Reserve for Payment of Debt Service					
Deferred Revenue		\$ 68,328			68,328
Total Liabilities	321	68,328	30,106		98,755
Fund Balances:					
<u>Restricted for:</u>					
Capital Reserve Account	\$ 250,778			\$	250,778
Emergency Reserve	150,000				150,000
Excess Surplus	792,587				792,587
Excess Surplus - Designated for Subsequent Year's Expenditures	393,050				393,050
<u>Assigned to:</u>					
Year-End Encumbrances	414,156				414,156
Designated for Subsequent Year's Expenditures	69,974				69,974
Debt Service Fund				\$ 2	2
<u>Unassigned:</u>					
General Fund	77,976				77,976
Total Fund Balances	2,148,521	-	-	2	2,148,523
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,148,842	\$ 68,328	\$ 30,106	\$ 2	\$ 2,247,278

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,353,178 and the accumulated depreciation is \$5,553,613.	\$5,799,565
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8)	177,212
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8)	(460,703)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)	(865,168)
Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(110,840)
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)	<u>(4,656,971)</u>
Net Position of governmental activities	<u>\$ 2,031,618</u>

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 5,473,418		\$ 753,918	\$ 6,227,336
Tuition	18,100			18,100
Interest on Capital Reserve	514			514
Miscellaneous	153,634			153,634
Total - Local Sources	5,645,666	-	753,918	6,399,584
State Sources	2,703,197		149,040	2,852,237
Federal Sources		\$ 167,963		167,963
Total Revenues	8,348,863	167,963	902,958	9,419,784
EXPENDITURES				
Current:				
Regular Instruction	2,227,788	164,563		2,392,351
Special Education Instruction	573,873			573,873
Other Special Instruction	217,777			217,777
Support services and undistributed costs:				
Tuition	2,000,379			2,000,379
Student and Instruction Related Services	645,552	3,400		648,952
School Administrative Services	141,557			141,557
Other Administrative Services	373,545			373,545
Plant Operations and Maintenance	610,896			610,896
Pupil Transportation	372,524			372,524
Unallocated Benefits	1,046,382			1,046,382
Transfer to Charter School	-			-
Debt Service:				
Principal			645,000	645,000
Interest and Other Charges			257,958	257,958
Capital Outlay	8,069			8,069
Total Expenditures	8,218,342	167,963	902,958	9,289,263
Excess (Deficiency) of Revenues Over Expenditures	130,521	-	-	130,521
OTHER FINANCING SOURCES (USES)				
Transfers - Capital Projects Fund	-			-
Total Other Financing Sources and Uses	-	-	-	-
Net Change in Fund Balances	130,521	-	-	130,521
Fund Balance—July 1	2,018,000	-	\$ 2	2,018,002
Fund Balance—June 30	\$ 2,148,521	-	\$ 2	\$ 2,148,523

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**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) \$ 130,521

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

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

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (380,982)	
Capital Outlays	<u>6,108</u>	(374,874)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption.

This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. 57,496

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 645,000

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which the prior year's amount of interest accrual exceeds the current year's amount. 14,781

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This amount is the amount by which the current year's compensated absence payments exceed the current year's amount earned. 1,006

Change in Net Position of Governmental Activities \$ 473,930

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

June 30, 2020

	Business-Type Activities - Enterprise Funds	
	Food Service	Totals
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$ 19,095	\$ 19,095
Accounts Receivable	-	-
Inventories	4,842	4,842
Total Current Assets	<u>23,937</u>	<u>23,937</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	79,400	79,400
Less Accumulated Depreciation	(79,400)	(79,400)
Total Noncurrent Assets	<u> </u>	<u> </u>
Total Assets	<u>23,937</u>	<u>23,937</u>
LIABILITIES		
Current liabilities:		
Accounts Payable	1,134	1,134
Deferred Revenue	1,025	1,025
Total Current Liabilities	<u>2,159</u>	<u>2,159</u>
Total Liabilities	<u>2,159</u>	<u>2,159</u>
NET POSITION		
Invested in Capital Assets Net of Related Debt		
Unrestricted	21,778	21,778
Total Net Position	<u>\$ 21,778</u>	<u>\$ 21,778</u>

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Fund		
	Food Service	Shared Services	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 46,588		\$ 46,588
Daily Sales - Non-Reimb. Programs	1,920		1,920
Miscellaneous		\$ 260,000	260,000
Interest Income	48		48
Total Operating Revenues	48,556	260,000	308,556
Operating Expenses:			
Cost of Sales - Reimbursable Programs	21,717		21,717
Cost of Sales - Non-reimbursable Programs	12,113		12,113
Salaries	18,439	260,000	278,439
Employee Benefits	5,322		5,322
Other Purchased Professional Services	7,701		7,701
Supplies	3,617		3,617
Miscellaneous	12,875		12,875
Depreciation	-		-
Total Operating Expenses	81,784	260,000	341,784
Operating Income (Loss)	(33,228)		(33,228)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	787		787
Federal Sources:			
National School Lunch Program	23,383		23,383
School Breakfast Program	2,966		2,966
Food Distribution Program	3,908		3,908
Total Nonoperating Revenues (Expenses)	31,044		31,044
Income (Loss)	(2,184)		(2,184)
Change in Net Position	(2,184)		(2,184)
Total Net Position—Beginning (As Restated)	23,962		23,962
Total Net Position—Ending	\$ 21,778	-	\$ 21,778

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds		
	Food Service	Shared Services	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 48,556	\$ 260,000	\$ 308,556
Payments to Employees	(18,439)	(260,000)	(278,439)
Payments for Employee Benefits	(5,322)		(5,322)
Payments to Suppliers	(58,607)		(58,607)
Net Cash Provided by (used for) Operating Activities	(33,812)	-	(33,812)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	822		822
Federal Sources	27,332		27,332
Net Cash Provided by (used for) Non-Capital Financing Activities	28,154	-	28,154
Net Increase (Decrease) in Cash and Cash Equivalents	(5,658)	-	(5,658)
Balances—Beginning of Year	24,753	-	24,753
Balances—End of Year	\$ 19,095	-	\$ 19,095
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating Income (Loss)	\$ (33,228)	-	\$ (33,228)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization			
Federal Commodities	3,908		3,908
(Increase) Decrease in Accounts Receivable, Net			
(Increase) Decrease in Inventories	(1,677)		(1,677)
Increase (Decrease) in Accounts Payable	(2,815)		(2,815)
Total Adjustments	(584)		(584)
Net Cash Provided by (used for) Operating Activities	\$ (33,812)	-	\$ (33,812)

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

POHATCONG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

Exhibit B-7

June 30, 2020

	<u>Agency</u> <u>Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 198,460
Total Assets	<u>198,460</u>
LIABILITIES	
Payroll Deductions and Withholding	\$ 141,806
Payable to Student Groups	56,654
Total Liabilities	<u><u>\$ 198,460</u></u>
NET POSITION	

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

Notes to Financial Statements

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27 and GASB No. 75, Accounting for OPEB. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2019.

A. Reporting Entity:

The Pohatcong Township School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Pohatcong Township School District had an approximate enrollment at June 30, 2020, of 305 students.

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

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the District reports the following fund type:

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

Measurement Focus - Basis of Accounting

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

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

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

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

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

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

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

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

D. Encumbrance Accounting:

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

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

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2020 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

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

E. Assets, Liabilities and Equity (Continued):

Net Position:

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. 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 is available.

Fund Balance Reserves:

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

Revenues—Exchange and Nonexchange Transactions

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management Estimates:

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

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

The Board has no policy regarding custodial risk for deposits.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2020, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2: CASH AND CASH EQUIVALENTS - (Continued)

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (B-7)</u>	<u>Total</u>
Checking Accounts	\$1,756,820	\$198,460	\$1,955,280
Checking Accounts-Emergency Reserve	150,000		150,000
Checking Accounts-Capital Reserve	250,778		250,778
	<u>\$2,157,598</u>	<u>\$198,460</u>	<u>\$2,356,058</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$2,356,058 and the bank balance was \$2,563,661. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$2,313,661 was covered by collateral pool.

NOTE 3: RECEIVABLES

Receivables at June 30, 2020, consisted of intergovernmental grants and aid. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>Government-Wide Financial Statements</u>
State Aid	\$ 10,230	\$ 10,230
Federal Aid	67,569	67,569
Other Receivables	549	549
Gross Receivable	<u>78,348</u>	<u>78,348</u>
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 78,348</u>	<u>\$ 78,348</u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2020, consisted of the following:

Food	<u>\$4,842</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5: DEFERRED BOND ISSUANCE COSTS

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

NOTE 6: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	\$ 956,030			\$ 956,030
Buildings and Building Improvements	10,034,026	\$ 6,108		10,040,134
Machinery and Equipment	357,014			357,014
Total at Historical Cost	11,347,070	6,108	-	11,353,178
Less Accumulated Depreciation for:				
Land Improvements	(912,857)	(56,280)		(969,137)
Building and Improvements	(3,997,087)	(291,511)		(4,288,598)
Equipment	(262,687)	(33,191)		(295,878)
Total Accumulated Depreciation	(5,172,631)	(380,982)		(5,553,613)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	6,174,439	(374,874)	-	5,799,565
Government Activity Capital Assets, Net	\$ 6,174,439	\$ (374,874)	\$ -	\$ 5,799,565

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6: CAPITAL ASSETS

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 259,068
Support - Students	34,288
General Administration	19,049
School Administration	11,429
Business Administration	7,620
Plant and Operations	<u>49,528</u>
Total	<u>\$ 380,982</u>

NOTE 7: LONG-TERM OBLIGATIONS

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.

A. Long-Term Obligation Activity:

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

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>7/1/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/20</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$5,270,000		(\$645,000)	\$4,625,000	\$640,000
Other Liabilities:					
Retirement Obligations Payable	17,400		(2,160)	15,240	
Compensated Absences Payable	15,577	\$1,154		16,731	
Total	<u>\$5,302,977</u>	<u>\$1,154</u>	<u>(\$647,160)</u>	<u>\$4,656,971</u>	<u>\$640,000</u>

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

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

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.

	Government Activities			Balance <u>6/30/20</u>
	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	
Bonds Payable	4/30/98	4.875%-5.25%	7/15/2026	\$ 4,625,000
Total Bonds				<u>\$ 4,625,000</u>

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2020, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 640,000	\$ 225,192	\$ 865,192
2022	660,000	191,393	851,393
2023	660,000	157,072	817,072
2024	655,000	122,719	777,719
2025	650,000	88,463	738,463
Thereafter	<u>1,360,000</u>	<u>71,925</u>	<u>1,431,925</u>
	<u>\$ 4,625,000</u>	<u>\$ 856,764</u>	<u>\$ 5,481,764</u>

As of June 30, 2020, the District had no authorized but not issued bonds.

NOTE 8: PENSION PLANS

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

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

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$13,967,326 as measured on June 30, 2019 and \$14,894,518 measured on June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$823,830 and revenue of \$823,830 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2020 is based upon changes in the collective net pension liability with a measurement period of June 30, 2018 through June 30, 2019. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2018 and June 30, 2019.

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$12,599,296,329	\$10,077,460,797
Collective deferred inflows of resources	\$16,171,861,734	\$17,525,379,167
Collective net pension liability (Nonemployer-State of New Jersey)	\$63,617,852,031	\$61,370,943,870
State's portion of the net pension liability that was associated with the district	\$14,894,518	\$13,967,326
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.023412%	0.022759%

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:	2.75%
Salary Increases:	
Through 2026	1.55-4.45%
Therafter	2.75-5.65%
Investment Rate of Return:	7.00%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation	3.00%	4.67%
Cash equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yeild	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US developed markets E	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount rate - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2019, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(4.60%)</u>	<u>(5.60%)</u>	<u>(6.60%)</u>
State's Collective Net Pension Liability	\$ 72,544,649,801	\$ 61,519,112,443	\$ 52,371,397,951

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2019 was \$22,696,734,276

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

	<u>Year Ended June 30:</u>
2020	(\$272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	<u>(2,402,153,865)</u>
Total	<u>(\$7,607,077,817)</u>

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2019 are as follows:

Service cost	\$1,882,081,572
Interest on total ension liability	4,201,672,382
Member contributions	(846,166,328)
Administrative expens	13,922,385
Expected investment return net of investment expenses	(1,542,884,759)
Pension expense related to specific liabilities of individual employers	(300,112)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	178,228,412
Recognition of assumption changes or inputs	(596,671,173)
Recognition of investment gains/losses	<u>338,679,314</u>
Total pension expense	<u>\$3,628,561,693</u>

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

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

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

At June 30, 2020, the District reported a liability of \$865,168 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 valuation was determined by an experience study for the period July 1, 2014 to June 30, 2018. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2019 and 2018. At June 30, 2019, the District's proportion was 0.00480% which was an increase of 0.00003% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of (\$11,555). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 15,529	\$ 3,822
Changes of assumptions	86,390	300,297
Net difference between projected and actual earnings on pension plan investments	-	13,657
Changes in proportion and differences between District contributions and proportionate share of contributions	28,515	142,927
District contributions subsequent to the measurement date	46,778	
Total	\$ 177,212	\$ 460,703

\$46,778 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 measured as of 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:

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

	<u>Year Ended June 30:</u>	
	2020	(\$38,223)
	2020	(123,996)
	2020	(110,721)
	2021	(51,989)
	2022	<u>(5,338)</u>
	Total	<u>(\$330,269)</u>
	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$4,684,852,302	\$3,149,522,616
Collective deferred inflows of resources	7,646,736,226	7,645,087,574
Collective net pension liability (Non State - Local Group)	\$19,689,501,539	\$18,018,482,972
District's portion of net pension liability	\$939,286	\$865,168
District's proportion %	0.00477049%	0.00480156%

Actuarial assumptions - The collective 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:

Inflation:	2.75%
Salary Increases:	
Through 2026	2.00%-6.00% based on years of service
Therafter	3.00%-7.00% based on years of service
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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation	3.00%	4.67%
Cash equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yeild	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US developed markets E	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount rate - he discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2019, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	(5.28%)	(6.28%)	(7.28%)
District's proportionate share of the net pension liability	\$ 1,092,848	\$865,168	\$ 673,316

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2019 are as follows:

Service cost	(\$9,599)
Interest on total ension liability	(28,450)
Member contributions	6,612
Administrative expens	(175)
Expected investment return net of investment expenses	17,653
Pension expense related to specific liabilities of individual employers	83
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	(2,142)
Recognition of assumption changes or inputs	6,547
Recognition of investment gains/losses	<u>(2,083)</u>
Total pension expense	<u>(\$11,555)</u>

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

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

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

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

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

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

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: PENSION PLANS (Continued)

<u>Three-Year Trend Information for PERS</u>			
Year <u>Funding</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/2020	\$46,778	100%	-0-
6/30/2019	\$47,543	100%	-0-
6/30/2018	\$46,132	100%	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
Year <u>Funding</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/2020	\$512,003	100%	-0-
6/30/2019	\$457,321	100%	-0-
6/30/2018	\$353,399	100%	-0-

During the fiscal year ended June 30, 2020, the State of New Jersey did contribute \$701,849 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$192,111 during the year ended June 30, 2020, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

NOTE 9: POST-RETIREMENT BENEFITS

Plan description and benefits provided

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

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 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 Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

Total OPEB Liability

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

Actuarial assumptions and other imputes The June 30, 2020 GASB 75 reporting is based on a measurement date of June 30, 2019. 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 total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. 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 Through 2026:	1.55-3.05% TPAF 2.00-6.00% PERS Based on service years
Salary Increases Thereafter:	1.55-3.05% TPAF 2.00-7.00% PERS Based on service years
Discount rate (2019)	3.50%
Discount rate (2018)	3.87%
Healthcare cost trend rates (PPO Plans)	5.7% decreasing to 4.5% after eight years
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%
Healthcare cost trend rates (HMO Plans)	5.8% decreasing to 5.0% after eight years
Healthcare cost trend rates (Prescription Drug Benefits)	7.5% decreasing to 4.5% after eight years

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	4.50%
Retirees' share of benefit related Costs	Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2018 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2018 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2018 scale.

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

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2018	\$46,110,832,982
<u>Changes for the year:</u>	
Service Cost	1,734,404,850
Interest	1,827,787,206
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	(7,323,140,818)
Changes of Assumptions	622,184,027
Benefit Payments	(1,280,958,373)
Contributions from Members	<u>37,971,171</u>
Net changes	<u>(4,381,751,937)</u>
The State's Total OPEB Liability Balance at 6/30/2019	<u>\$41,729,081,045</u>
The State's total OPEB liability attributable to the District:	\$12,503,873

There were no changes of benefit terms.

Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019 and other changes.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

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

	June 30, 2019		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>2.50%</u>	<u>3.50%</u>	<u>4.50%</u>
Total OPEB Liability (School Retirees)	\$49,298,534,898	\$41,729,081,045	\$35,716,321,820

	June 30, 2018		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>2.87%</u>	<u>3.87%</u>	<u>4.87%</u>
Total OPEB Liability (School Retirees)	\$54,512,391,175	\$46,110,832,982	\$39,432,461,816

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

	June 30, 2019		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
		<u>Trend Rate</u>	
Total OPEB Liability (School Retirees)	\$34,382,902,820	\$41,729,081,045	\$51,453,912,586

	June 30, 2018		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
		<u>Trend Rate</u>	
Total OPEB Liability (School Retirees)	\$38,113,289,045	\$46,110,832,982	\$56,687,891,003

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9: POST-RETIREMENT BENEFITS-(Continued)

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

For the year ended June 30, 2019, the board of education recognized OPEB expense of \$186,397 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience		(\$10,484,965,300)
Changes of assumptions or other inputs	_____	(\$8,481,529,343)
Total	-	(\$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:

Year ended June 30:

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>(\$18,966,494,643)</u>

NOTE 10: DEFERRED COMPENSATION

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

Siracusa - SBP Sun National
John Hancock Signature Services
Lincoln National Life

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11: COMPENSATED ABSENCES

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of retirement within the state pension plan, an employee is reimbursed for accumulated vacation and/or unused sick days. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial employment. The balance at June 30, 2020 is \$16,731.

In addition, full time teachers are granted retirement compensation according to their contract of \$200 per year of full time service if they retire with more than 25 years of service. The liability and the balance remaining at June 30, 2020, is \$15,240.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, no liability existed for compensated absences in the proprietary fund types.

NOTE 12: RISK MANAGEMENT

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

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

Joint Insurance Fund - The District participates in the School Alliance Insurance Fund (SAIF) comprised of state-wide boards of education. It was formed July 1, 1996 under the provisions of NJSA 18A:18B-1 et. seq. The group offers its member districts worker's compensation and employer's liability, automobile and equipment liability, general liability and property damage, school board legal liability, and boiler and machinery coverage.

The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies. No contingency or provision has been made in these financial statements, as no deficiencies occurred as of June 30, 2020 for the joint insurance pool. The coverage in this program is shown on exhibit J-20.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

ARBITRAGE REBATE

As part of a major school building program, bonded debt was issued in excess of limits that could require payment of arbitrage rebates as required under applicable provisions of the Internal Revenue Code. Arbitrage reporting and tracking is maintained by the District and estimated future value of such liability, if any, will be determined at completion of the capital project.

LITIGATION

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

NOTE 14: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$2,148,521 General Fund fund balance at June 30, 2020, \$1,185,637 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$393,050 of the total reserve for excess surplus is appropriated and included as anticipated revenue for the year ending June 30, 2021); \$150,000 is reserved in the Emergency Reserve Account; \$250,778 is reserved in the Capital Reserve Account; \$414,156 is reserved for encumbrances; \$69,974 is reserved for subsequent year's expenditures has been anticipated as revenue for the year ended June 30, 2021; and \$77,976 is unreserved and undesignated.

Debt Service Fund - The \$2 Debt Service fund balance at June 30, 2020 is anticipated to be included as anticipated revenue for subsequent fiscal years.

NOTE 15: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$792,587.

NOTE 16: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Pohatcong Township School District Board of Education by inclusion of \$1. on October 16, 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.

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 16: CAPITAL RESERVE ACCOUNT-(Continued)

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

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 250,264
Interest Earnings	514
Ending Balance, June 30, 2020	<u>\$ 250,778</u>

NOTE 17: INTERFUND RECEIVABLES AND PAYABLES

All interfunds have been liquidated and returned their respective funds as of June 30, 2020.

NOTE 18: TAX ABATEMENTS

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

POHATCONG TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 19: SUBSEQUENT EVENTS

The District's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020 and continues subsequent to June 30, 2020. Additionally, New Jersey Governor Murphy has declared a state of emergency via Executive Order in response to the coronavirus outbreak. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the District's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the District's tax base revenue, absenteeism in the District's labor workforce, unavailability of supplies used in operations, and a decline in value of assets held by the District.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,473,418		\$ 5,473,418	\$ 5,473,418	
Tuition	25,000		25,000	18,100	\$ (6,900)
Transportation	65,000		65,000	-	(65,000)
Interest on Capital Reserve	100		100	514	414
Miscellaneous	154,000		154,000	153,634	(366)
Total - Local Sources	5,717,518		5,717,518	5,645,666	(71,852)
State Sources:					
Equalization Aid	1,420,213		1,420,213	1,420,213	
Transportation Aid	84,857		84,857	84,857	
Special Education Aid	268,769		268,769	268,769	
Security Aid	34,353		34,353	34,353	
Other State Aid					
TPAF Pension (On-Behalf - Non-Budgeted)				511,738	511,738
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				189,846	189,846
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				265	265
TPAF Social Security (Reimbursed - Non-Budgeted)				192,111	192,111
Total State Sources	1,808,192		1,808,192	2,702,152	893,960
TOTAL REVENUES	7,525,710		7,525,710	8,347,818	822,108

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	40,602	(10,000)	30,602	30,451	151
Kindergarten - Salaries of Teachers	137,473	19,000	156,473	151,069	5,404
Grades 1-5 - Salaries of Teachers	890,657	(27,000)	863,657	848,900	14,757
Grades 6-8 - Salaries of Teachers	550,877		550,877	535,875	15,002
Regular Programs - Home Instruction:					
Salaries of Teachers	6,000	(5,000)	1,000	880	120
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	116,098	(2,827)	113,271	113,271	
Purchased Professional-Educational Services	109,600	(45,000)	64,600	57,674	6,926
Other Purchased Services (400-500 series)	62,250	(16,287)	45,963	31,397	14,566
General Supplies	102,668	242,266	344,934	82,242	262,692
Other Objects	6,000	(5,700)	300	300	
Employee Benefits	372,662	(23,751)	348,911	348,911	
Tuition Reimbursement	10,000	16,818	26,818	26,818	
TOTAL REGULAR PROGRAMS - INSTRUCTION	2,404,887	142,519	2,547,406	2,227,788	319,618
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	386,754	20,000	406,754	402,562	4,192
Other Salaries for Instruction	16,615		16,615	16,376	239
General Supplies	2,500		2,500		2,500
Textbooks	500		500		500
Other Objects	500		500		500
Employee Benefits	159,688	131	159,819	154,935	4,884
Total Resource Room/Resource Center	566,557	20,131	586,688	573,873	12,815
TOTAL SPECIAL EDUCATION - INSTRUCTION	566,557	20,131	586,688	573,873	12,815

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Basic Skills/Remedial - Instruction					
Salaries of Teachers	127,611	(1,500)	126,111	115,811	10,300
Other Salaries for Instruction	41,696	2,500	44,196	42,897	1,299
General Supplies	1,500	(1,000)	500	43	457
Employee Benefits	39,253	6,539	45,792	45,792	
Total Basic Skills/Remedial - Instruction	210,060	6,539	216,599	204,543	12,056
School Sponsored Co/Extra Curricular Activities-Instruction:					
Salaries	12,530	1,500	14,030	13,234	796
General Supplies	1,500	(1,500)			
Total School Sponsored Co/Extra Curricular Activities-Instr.	14,030		14,030	13,234	796
TOTAL INSTRUCTION	3,195,534	169,189	3,364,723	3,019,438	345,285
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Regular	1,562,405		1,562,405	1,549,174	13,231
Tuition to Other LEAs Within the State-Special	274,800	48,937	323,737	188,823	134,914
Tuition to County Voc. School Dist. - Regular	89,887	4,402	94,289	94,289	
Tuition to County Voc. District - Special	32,100	(4,402)	27,698	5,313	22,385
Tuition to CSSD & Regional Day Schools	38,520		38,520	38,520	
Tuition to Private Schools for the Disabled-Within State	296,721	(85,194)	211,527	84,388	127,139
Tuition - State Facilities	39,872		39,872	39,872	
Total Instruction	2,334,305	(36,257)	2,298,048	2,000,379	297,669

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Health Services:					
Salaries	55,934	30	55,964	55,964	
Employee Benefits	39,252		39,252	39,252	
Purchased Professional and Technical Services	4,400	(37)	4,363	3,500	863
Supplies and Materials	2,750	(30)	2,720	650	2,070
Other Objects	615	37	652	652	
Total Health Services	102,951		102,951	100,018	2,933
Other Supp. Services Students-Related Services:					
Purchased Professional - Educational Services	172,377	166	172,543	135,864	36,679
Supplies and Materials	500		500		500
Total Other Supp. Services Students-Related Services	172,877	166	173,043	135,864	37,179
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	121,792	21,669	143,461	143,461	
Salaries of Secretarial and Clerical Assistants	32,480	3,421	35,901	35,901	
Employee Benefits	66,948		66,948	60,298	6,650
Purchased Professional - Educational Services	58,000	(25,090)	32,910	21,456	11,454
Supplies and Materials	3,000		3,000	343	2,657
Other Objects	1,000		1,000	55	945
Total Other Supp. Services Students-Special	283,220		283,220	261,514	21,706

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction Services:					
Other Salaries	40,721		40,721	40,721	
Purchased Professional - Educational Services	2,000		2,000	1,300	700
Supplies and Materials	1,000		1,000	993	7
Total Improvement of Instruction Services	43,721		43,721	43,014	707
Educational Media Services/School Library:					
Salaries	62,359		62,359	61,999	360
Employee Benefits	39,252		39,252	38,534	718
Purchased Professional and Technical Services	3,600		3,600	1,221	2,379
Supplies and Materials	4,000		4,000		4,000
Total Educational Media Services/School Library	109,211		109,211	101,754	7,457
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	16,000		16,000	3,388	12,612
Supplies and Materials	500		500		500
Total Instructional Staff Training Services	16,500		16,500	3,388	13,112
Supp. Services - General Administration:					
Salaries	205,301	(6,379)	198,922	194,623	4,299
Employee Benefits	66,948		66,948	66,948	
Legal Services	20,000		20,000	9,792	10,208
Audit Fees	13,500		13,500	12,100	1,400
Other Purchased Professional Services	8,000		8,000	7,001	999
Communications/Telephone	20,500	515	21,015	17,562	3,453
BOE Other Purchased Services	5,500		5,500	3,990	1,510
Other Purchased Services (400-500)	8,000		8,000	5,020	2,980
General Supplies	2,700	1,868	4,568	3,642	926
BOE Membership Dues and Fees	8,950		8,950	8,443	507
Total Supp. Services - General Administration	359,399	(3,996)	355,403	329,121	26,282

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	61,082	3,659	64,741	64,741	
Salaries of Secretarial and Clerical Assistants	35,537	1,000	36,537	36,537	
Employee Benefits	39,252		39,252	39,189	63
Other Purchased Services (400-500 series)	1,250		1,250	80	1,170
Supplies and Materials	2,500		2,500	10	2,490
Other Objects	1,000		1,000	1,000	
Total Support Services - School Administration	140,621	4,659	145,280	141,557	3,723
Central Services:					
Salaries	17,384		17,384	17,384	
Employee Benefits	26,208		26,208	25,976	232
Supplies and Materials	500		500		500
Other Objects	1,735		1,735	1,064	671
Total Central Services	45,827		45,827	44,424	1,403
Required Maintenance for School Facilities:					
Salaries	65,637	791	66,428	63,928	2,500
Cleaning, Repair and Maintenance Services	89,500	(6,190)	83,310	50,961	32,349
General Supplies	11,750	809	12,559	900	11,659
Total Required Maintenance for School Facilities	166,887	(4,590)	162,297	115,789	46,508
Other Operations and Maintenance of Plant:					
Salaries	161,611	(9,309)	152,302	121,207	31,095
Employee Benefits	81,184	245	81,429	81,429	
Cleaning, Repair and Maintenance Services	59,500	42,457	101,957	91,814	10,143
Other Purchased Property Services	8,500	3,784	12,284	7,292	4,992
Insurance	48,916	(2,839)	46,077	44,141	1,936
Miscellaneous Purchased Services	2,750	755	3,505	1,605	1,900
General Supplies	47,668	1,829	49,497	33,827	15,670
Energy (Natural Gas)	40,000		40,000	24,390	15,610
Energy (Electricity)	25,000		25,000	16,947	8,053
Gasoline	2,000		2,000	1,139	861
Other Objects	1,000		1,000	482	518
Total Other Operations and Maintenance of Plant	478,129	36,922	515,051	424,273	90,778
Care and Upkeep of Grounds:					
Purchased Professional and Technical Services	60,000	10,834	70,834	70,834	
Total Care and Upkeep of Grounds	60,000	10,834	70,834	70,834	

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services					
Sal. For Pupil Transp. (Bet Home & Sch) - Reg.	13,680	14,402	28,082	28,082	
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	8,000	(2,500)	5,500	3,502	1,998
Contracted Services (Between Home and School)-Vendors	385,000		385,000	248,909	136,091
Contracted Services (Other than Bet.Home & School)-Vendors	5,000	(1,902)	3,098	2,417	681
Contracted Services (Between Home and School)-Joint Agrmts.	10,000	(10,000)			
Contracted Services (Special Education Students)-Vendors	200,000		200,000	87,879	112,121
Contracted Services (Reg. Students)-ESCs & CTSAs	5,000		5,000	1,735	3,265
Total Student Transportation Services	626,680		626,680	372,524	254,156
UNALLOCATED BENEFITS					
Social Security Contributions	80,000	(6,175)	73,825	54,707	19,118
Other Retirement Contributions-Regular	60,000		60,000	46,778	13,222
Unemployment Compensation	13,000		13,000	12,301	699
Workmen's Compensation	31,317		31,317	31,317	
Other Benefits	10,500		10,500	7,319	3,181
TOTAL UNALLOCATED BENEFITS	194,817	(6,175)	188,642	152,422	36,220

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
On-behalf TPAF pension Contrib. (non-budgeted)				511,738	(511,738)
On-behalf TPAF PRM Contrib. (non-budgeted)				189,846	(189,846)
On-behalf TPAF pension LTD Ins. (non-budgeted)				265	(265)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				192,111	(192,111)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>893,960</u>	<u>(893,960)</u>
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	<u>194,817</u>	<u>(6,175)</u>	<u>188,642</u>	<u>1,046,382</u>	<u>(857,740)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>5,135,145</u>	<u>1,563</u>	<u>5,136,708</u>	<u>5,190,835</u>	<u>(54,127)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>8,330,679</u>	<u>170,752</u>	<u>8,501,431</u>	<u>8,210,273</u>	<u>291,158</u>
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures-Security	100,000		100,000	6,109	93,891
Total Equipment	<u>100,000</u>		<u>100,000</u>	<u>6,109</u>	<u>93,891</u>
Facilities Acquisition and Construction:					
Assessment for Debt Service on SDA Funding	1,960		1,960	1,960	
Total Facilities Acquisition and Construction	<u>1,960</u>		<u>1,960</u>	<u>1,960</u>	
TOTAL CAPITAL OUTLAY	<u>101,960</u>		<u>101,960</u>	<u>8,069</u>	<u>93,891</u>
TOTAL EXPENDITURES	<u>8,432,639</u>	<u>170,752</u>	<u>8,603,391</u>	<u>8,218,342</u>	<u>385,049</u>

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(906,929)	(170,752)	(1,077,681)	129,476	1,207,157
Total Other Financing Sources:	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(906,929)	(170,752)	(1,077,681)	129,476	1,207,157
Fund Balance, July 1	2,191,069		2,191,069	2,191,069	
Fund Balance, June 30	\$ 1,284,140	\$ (170,752)	\$ 1,113,388	\$ 2,320,545	\$ 1,207,157
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 250,778	
Emergency Reserve				150,000	
Excess Surplus				792,587	
Excess Surplus - Designated for Subsequent Year's Expenditures				393,050	
Assigned to:					
Year-End Encumbrances				414,156	
Designated for Subsequent Year's Expenditures				69,974	
Unassigned:					
Unrestricted Fund Balance				<u>250,000</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				\$ 2,320,545	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Current Year Last State Aid Payment not recognized on GAAP basis until received				<u>(172,024)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 2,148,521</u>	

**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 Favorable/ (Unfavorable)
REVENUES:					
Local Sources	\$ 347	-	\$ 347	-	\$ (347)
Federal Sources	169,418	\$ 52,294	221,712	\$ 175,565	(46,147)
Total Revenues	169,765	52,294	222,059	175,565	(46,494)
EXPENDITURES:					
Instruction					
Other Salaries	34,248		34,248	34,248	
Purchased Prof. & Tech. Services	5,000		5,000	5,000	
Other Purchased Services	1,500		1,500	1,500	
Tuition	86,623	2,762	89,385	86,623	2,762
Supplies and Materials	34,849	49,532	84,381	40,649	43,732
Total Instruction	162,220	52,294	214,514	168,020	46,494
Support Services					
Purchased Prof. Educ. Serv.	7,545		7,545	7,545	
Total Support Services	7,545		7,545	7,545	
Total Expenditures	\$ 169,765	\$ 52,294	\$ 222,059	\$ 175,565	\$ 46,494
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)				None	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Current Year Last State Aid Payment not recognized on GAAP basis until received				<u>None</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>None</u>	

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

For the Fiscal Year Ended June 30, 2020

**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 (Exhibits C-1 and C-2, respectively)	\$ 8,347,818	\$ 175,565
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	N/A	14,232
Current Year	N/A	(21,834)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	173,069	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(172,024)</u>	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 8,348,863</u>	<u>\$ 167,963</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 8,218,342	\$ 175,565
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	N/A	14,232
Current Year	N/A	(21,834)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	-	-
Net transfers (outflows) to general fund	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 8,218,342</u>	<u>\$ 167,963</u>

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

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
State's proportionate share of the net pension liability (asset) associated with the District	\$ 13,967,326	\$ 14,894,518	\$ 16,847,600	\$ 19,824,089	\$ 14,719,129	\$ 13,310,080	\$ 12,654,847			
Total	\$ 13,967,326	\$ 14,894,518	\$ 16,847,600	\$ 19,824,089	\$ 14,719,129	\$ 13,310,080	\$ 12,654,847			
District's covered employee payroll	\$ 2,792,927	\$ 2,548,973	\$ 2,479,224	\$ 2,325,762	\$ 2,537,795	\$ 2,573,394	\$ 2,421,056			
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
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%			

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

Exhibit L-1

Public Employees' Retirement System (PERS)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net pension liability (asset)	0.004801556%	0.004770494%	0.004948007%	0.006032853%	0.005625126%	0.005887294%	0.006172430%			
District's proportionate share of the net pension liability (asset)	\$ 865,168	\$ 939,286	\$ 1,151,817	\$ 1,786,758	\$ 1,262,728	\$ 1,102,262	\$ 1,179,674			
District's covered employee payroll	\$ 348,966	\$ 337,404	\$ 341,210	\$ 339,981	\$ 662,752	\$ 646,149	\$ 689,440			
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.92%	278.39%	337.57%	525.55%	190.53%	170.59%	171.11%			
Plan fiduciary net position as a percentage of the total pension liability (Local)	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%			

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

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

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
District's covered employee payroll	\$ 2,792,927	\$ 2,548,973	\$2,479,224	\$2,325,762	\$2,537,795	\$2,573,394	\$ 2,421,056			
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A			

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

Public Employees' Retirement System (PERS)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 46,778	\$ 47,543	\$ 46,132	\$ 53,805	\$ 48,361	\$ 49,601	\$ 46,508			
Contributions in relation to the contractually required contribution	(46,778)	(47,543)	(46,132)	(53,805)	(48,361)	(49,601)	(46,508)			
Contribution deficiency (excess)	-	-	-	-	-	-	-			
District's covered employee payroll	\$ 348,966	\$ 337,404	\$ 341,210	\$ 339,981	\$ 662,752	\$ 646,149	\$ 689,440			
Contributions as a percentage of covered-employee payroll	13.40%	14.09%	13.52%	15.83%	7.30%	7.68%	6.75%			

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

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

Exhibit M-1

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

<u>The State of New Jersey's Total OPEB Liability</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Service Cost	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319						
Interest	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792						
Change in Benefit Terms										
Differences Between Expected and Actual Experience	(7,323,140,818)	(5,002,065,740)								
Benefit Payments	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)						
Contributions from Members	37,971,171	42,614,005	45,748,749	46,273,747						
Changes of Assumptions or other inputs	<u>622,184,027</u>	<u>\$(5,291,448,855)</u>	<u>\$(7,086,599,129)</u>	<u>8,611,513,521</u>						
Net change in total OPEB liability	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360						
Total OPEB Liability - Beginning	<u>\$ 46,110,832,982</u>	<u>\$53,639,841,858</u>	<u>\$57,831,784,184</u>	<u>\$ 46,849,651,824</u>						
Total OPEB Liability - Ending	<u>\$ 41,729,081,045</u>	<u>\$46,110,832,982</u>	<u>\$53,639,841,858</u>	<u>\$ 57,831,784,184</u>						
The State of New Jersey's total OPEB liability **	\$ 41,729,081,045	\$46,110,832,982	\$53,639,841,858	\$ 57,831,784,184						
The State of New Jersey's OPEB liability attributable to the District **	\$ 12,503,873	\$ 13,924,249	\$ 15,580,485	\$ 16,937,607						
The District's proportionate share of the total OPEB liability	<i>Zero</i>	<i>Zero</i>	<i>Zero</i>	<i>Zero</i>						
District's covered employee payroll	\$ 3,141,893	\$ 2,886,377	\$ 2,820,434	\$ 2,665,743						
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%						
District's contribution	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>						
State's covered employee payroll ***	\$ 13,929,083,479	\$13,640,275,833	\$13,493,400,208	\$ 13,493,400,208						
Total State's OPEB liability as a percentage of its covered-employee payroll	299.58%	338.05%	397.53%	428.59%						

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

*** Covered payroll for the Measurement Period ending June 30, 2018 and June 30, 2019 is based on the payroll on the June 30, 2017 and June 30, 2018 census data, respectively

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

POHATCONG SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2020

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

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

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

OPEB Schedules

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

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019.

Public Employees' Retirement System (PERS)

Pension Schedules

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

Changes of assumptions. Pre-retirement mortality rates were based on the Pub-2010 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

OPEB Schedules

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

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2020

	Title I	Title II Part A	Title IV	IDEA Basic	IDEA Preschool	REAP	Totals
REVENUES							
Federal Sources	\$ 47,348	\$ 7,545	\$ 10,000	\$ 86,623	\$ 2,762	\$ 21,287	\$ 175,565
TOTAL REVENUES	47,348	7,545	10,000	86,623	2,762	21,287	175,565
EXPENDITURES:							
Instruction:							
Other Salaries	34,248						34,248
Purchased Prof. & Tech. Services			5,000				5,000
Other Purchased Services			1,500				1,500
Tuition				86,623			86,623
Supplies and Materials	13,100		3,500		2,762	21,287	40,649
Total Instruction	47,348	-	10,000	86,623	2,762	21,287	168,020
Support Services:							
Purchased Prof. Educ. Serv.		7,545					7,545
Total Support Services	-	7,545	-	-	-	-	7,545
TOTAL EXPENDITURES	\$ 47,348	\$ 7,545	\$ 10,000	\$ 86,623	\$ 2,762	\$ 21,287	\$ 175,565
Total Outflows	\$ 47,348	\$ 7,545	\$ 10,000	\$ 86,623	\$ 2,762	\$ 21,287	\$ 175,565
Excess (Deficiency) of Revenues Over (Under) Expenditures							

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

N/A

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

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

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

Shared Services Fund - This fund provides for the expense and related reimbursement of the shared School Business Administrator with Alpha Borough School District.

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

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

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

	<u>AGENCY FUNDS</u>		
	<u>STUDENT</u>	<u>PAYROLL</u>	
	<u>ACTIVITY</u>	<u>AGENCY</u>	<u>TOTALS</u>
ASSETS:			
Cash and Cash Equivalents	\$ 56,654	\$ 141,806	\$ 198,460
TOTAL ASSETS	<u>\$ 56,654</u>	<u>\$ 141,806</u>	<u>\$ 198,460</u>
LIABILITIES:			
Liabilities:			
Payroll Deductions & Withholdings		\$ 141,806	\$ 141,806
Payable to Student Groups	\$ 56,654	-	56,654
Total Liabilities	<u>56,654</u>	<u>141,806</u>	<u>198,460</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 56,654</u>	<u>\$ 141,806</u>	<u>\$ 198,460</u>

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>ACTIVITY</u>	BALANCE <u>July 1, 2019</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE <u>June 30, 2020</u>
Pohatcong Elementary School	\$ 51,617	\$ 30,046	\$ 25,009	\$ 56,654
TOTALS	\$ 51,617	\$ 30,046	\$ 25,009	\$ 56,654

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	BALANCE			BALANCE
	<u>July 1, 2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 130,761	\$ 4,053,856	\$ 4,042,811	\$ 141,806
Total Assets	<u>\$ 130,761</u>	<u>\$ 4,053,856</u>	<u>\$ 4,042,811</u>	<u>\$ 141,806</u>
LIABILITIES:				
Payroll Deductions & Withholdings	-	\$ 1,790,100	\$ 1,789,644	\$ 456
Accrued Salaries & Wages	-	2,136,737	2,135,493	1,244
Summer Pay Plan	\$ 117,130	127,019	117,130	127,019
Imprest Balance	13,631		544	13,087
Total Liabilities	<u>\$ 130,761</u>	<u>\$ 4,053,856</u>	<u>\$ 4,042,811</u>	<u>\$ 141,806</u>

LONG-TERM DEBT SCHEDULES

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

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS
AS OF ENDED JUNE 30, 2020**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2019</u>	<u>RETIRE</u>	<u>BALANCE JUNE 30, 2020</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Construction of School	4/30/98	\$ 9,690,000	7/15/2020	\$ 640,000	5.200%	\$ 5,270,000	\$ 645,000	\$ 4,625,000
			7/15/2021	660,000	5.200%			
			7/15/2022	660,000	5.200%			
			7/15/2023	655,000	5.250%			
			7/15/2024	650,000	5.250%			
			7/15/2025	670,000	5.250%			
			7/15/2026	690,000	5.250%			
Total								<u>\$ 5,270,000</u> <u>\$ 645,000</u> <u>\$ 4,625,000</u>

POHATCONG TOWNSHIP SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

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	\$ 753,918		\$ 753,918	\$ 753,918	
	753,918	-	753,918	753,918	
State Sources:					
Debt Service Aid Type II	149,040		149,040	149,040	
Total - State Sources	149,040		149,040	149,040	
TOTAL REVENUES	\$ 902,958	-	\$ 902,958	\$ 902,958	
EXPENDITURES:					
Regular Debt Service:					
Interest	\$ 257,958		\$ 257,958	\$ 257,958	
Redemption of Principal	645,000		645,000	645,000	
Total Regular Debt Service	902,958		902,958	902,958	
TOTAL EXPENDITURES	\$ 902,958		\$ 902,958	\$ 902,958	
Fund Balance, July 1	\$ 2		\$ 2	\$ 2	
Fund Balance, June 30	\$ 2		\$ 2	\$ 2	
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance					

Pohatcong Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	94-99
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	100-103
Debt Capacity (J-10 thru J-13) 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.	104-107
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	108-109
Operating Information (J-16 thru J-20) 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.	110-114

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

Pohatcong Township School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ (2,594,840)	\$ (2,209,270)	\$ (1,846,659)	\$ (838,393)	\$ (139,423)	\$ 131,768	\$ 373,289	\$ 634,810	\$ 904,439	\$ 904,439
Restricted	1,777,777	2,127,063	1,350,985	1,440,213	1,244,547	1,443,723	1,869,722	2,026,700	1,700,343	1,656,389
Unrestricted	274,442	227,923	1,173,510	533,545	(981,004)	(1,186,077)	(1,149,452)	(1,089,979)	(1,047,094)	(529,210)
Total governmental activities net position	<u>\$ (542,621)</u>	<u>\$ 145,716</u>	<u>\$ 677,836</u>	<u>\$ 1,135,365</u>	<u>\$ 124,120</u>	<u>\$ 389,414</u>	<u>\$ 1,093,559</u>	<u>\$ 1,571,531</u>	<u>\$ 1,557,688</u>	<u>\$ 2,031,618</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 24,483	\$ 20,090	\$ 15,696	\$ 11,303	\$ 6,910	\$ 2,516				
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	30,467	31,339	33,333	33,744	36,767	25,314	21,111	\$ 28,039	\$ 23,962	\$ 21,778
Total business-type activities net position	<u>\$ 54,950</u>	<u>\$ 51,429</u>	<u>\$ 49,029</u>	<u>\$ 45,047</u>	<u>\$ 43,677</u>	<u>\$ 27,830</u>	<u>\$ 21,111</u>	<u>\$ 28,039</u>	<u>\$ 23,962</u>	<u>\$ 21,778</u>
District-wide										
Invested in capital assets, net of related debt	\$ (2,570,357)	\$ (2,189,180)	\$ (1,830,963)	\$ (827,090)	\$ (132,513)	\$ 134,284	\$ 373,289	\$ 634,810	\$ 904,439	\$ 904,439
Restricted	1,777,777	2,127,063	1,350,985	1,440,213	1,244,547	1,443,723	1,869,722	2,026,700	1,700,343	1,656,389
Unrestricted	304,909	259,262	1,206,843	567,289	(944,237)	(1,160,763)	(1,128,341)	(1,061,940)	(1,023,132)	(507,432)
Total district net position	<u>\$ (487,671)</u>	<u>\$ 197,145</u>	<u>\$ 726,865</u>	<u>\$ 1,180,412</u>	<u>\$ 167,797</u>	<u>\$ 417,244</u>	<u>\$ 1,114,670</u>	<u>\$ 1,599,570</u>	<u>\$ 1,581,650</u>	<u>\$ 2,053,396</u>

Source: CAFR Schedule A-1

Pohatcong Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 2,493,506	\$ 2,573,524	\$ 2,620,573	\$ 2,778,779	\$ 3,167,825	\$ 3,109,857	\$ 3,529,414	\$ 3,642,447	\$ 3,600,746	\$ 3,294,548
Special education	473,969	486,865	620,141	654,161	689,124	710,171	807,938	725,735	695,188	713,342
Other special education	354,226	257,199	296,472	211,359	205,417	225,723	288,490	399,482	344,015	270,704
Support Services:										
Tuition	1,169,562	1,544,375	1,709,734	1,708,489	2,179,468	2,368,961	1,727,071	2,004,147	2,359,437	2,000,379
Student & instruction related services	701,315	684,140	756,050	717,447	804,688	886,892	949,991	1,132,836	828,463	849,289
General administrative services	394,905	417,900	442,818	414,267	425,495	534,754	545,534	547,179	515,184	497,479
School administrative services	181,576	162,038	174,168	186,344	199,555	177,410	199,711	198,495	205,839	190,166
Plant operations and maintenance	631,347	632,184	658,986	806,735	773,411	658,773	756,251	816,264	846,284	820,929
Pupil transportation	337,236	364,951	305,367	284,568	327,908	366,238	390,263	382,437	438,683	372,524
Other Support Services										
Interest on long-term debt	498,740	476,770	463,618	434,660	403,913	372,730	341,764	309,872	277,397	245,137
Total governmental activities expenses	<u>7,236,382</u>	<u>7,599,946</u>	<u>8,047,927</u>	<u>8,196,809</u>	<u>9,176,804</u>	<u>9,411,509</u>	<u>9,536,427</u>	<u>10,158,894</u>	<u>10,111,236</u>	<u>9,254,497</u>
Business-type activities:										
Food service	93,260	100,941	94,513	102,893	99,236	108,926	113,177	96,038	108,147	81,784
Total business-type activities expense	<u>93,260</u>	<u>100,941</u>	<u>94,513</u>	<u>102,893</u>	<u>99,236</u>	<u>108,926</u>	<u>113,177</u>	<u>96,038</u>	<u>108,147</u>	<u>81,784</u>
Total district expenses	<u>\$ 7,329,642</u>	<u>\$ 7,700,887</u>	<u>\$ 8,142,440</u>	<u>\$ 8,299,702</u>	<u>\$ 9,276,040</u>	<u>\$ 9,520,435</u>	<u>\$ 9,649,604</u>	<u>\$ 10,254,932</u>	<u>\$ 10,219,383</u>	<u>\$ 9,336,281</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition and Transportation	\$ 37,541	\$ 41,461	\$ -	\$ -	-	15,980	-	\$ 44,109	20,000	\$ 18,100
Operating grants and contributions	2,290,166	2,412,372	2,624,302	2,572,350	\$ 3,226,835	\$ 3,431,481	\$ 4,012,851	4,299,785	\$ 3,761,060	3,328,843
Capital grants and contributions	(199,478)	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>2,128,229</u>	<u>2,453,833</u>	<u>2,624,302</u>	<u>2,572,350</u>	<u>3,226,835</u>	<u>3,447,461</u>	<u>4,012,851</u>	<u>4,343,894</u>	<u>3,781,060</u>	<u>3,346,943</u>
Business-type activities:										
Charges for services										
Food service	52,002	53,498	51,323	52,758	51,940	54,771	62,035	56,309	62,952	48,508
Operating grants and contributions	40,223	43,900	40,775	42,922	44,304	38,294	44,394	46,598	41,051	31,044
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>92,225</u>	<u>97,398</u>	<u>92,098</u>	<u>95,680</u>	<u>96,244</u>	<u>93,065</u>	<u>106,429</u>	<u>102,907</u>	<u>104,003</u>	<u>79,552</u>
Total district program revenues	<u>\$ 2,220,454</u>	<u>\$ 2,551,231</u>	<u>\$ 2,716,400</u>	<u>\$ 2,668,030</u>	<u>\$ 3,323,079</u>	<u>\$ 3,540,526</u>	<u>\$ 4,119,280</u>	<u>\$ 4,446,801</u>	<u>\$ 3,885,063</u>	<u>\$ 3,426,495</u>
Net (Expense)/Revenue										
Governmental activities	\$ (5,108,153)	\$ (5,146,113)	\$ (5,423,625)	\$ (5,624,459)	\$ (5,949,969)	\$ (5,964,048)	\$ (5,523,576)	\$ (5,815,000)	\$ (6,330,176)	\$ (5,907,554)
Business-type activities	(1,035)	(3,543)	(2,415)	(7,213)	(2,992)	(15,861)	(6,748)	6,869	(4,144)	(2,232)
Total district-wide net expense	<u>\$ (5,109,188)</u>	<u>\$ (5,149,656)</u>	<u>\$ (5,426,040)</u>	<u>\$ (5,631,672)</u>	<u>\$ (5,952,961)</u>	<u>\$ (5,979,909)</u>	<u>\$ (5,530,324)</u>	<u>\$ (5,808,131)</u>	<u>\$ (6,334,320)</u>	<u>\$ (5,909,786)</u>

Continued

Pohatcong Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 4,859,287	\$ 4,956,473	\$ 5,055,602	\$ 5,156,714	\$ 5,156,714	\$ 5,208,281	\$ 5,260,363	\$ 5,312,967	\$ 5,366,096	\$ 5,473,418
Taxes levied for debt service	873,733	854,009	862,756	881,917	877,582	855,874	825,751	816,197	785,125	753,918
Unrestricted grants and contributions	-	-	-	-	-	30,106	-	-	-	-
Investment earnings	4,162	2,543	2,067	1,362	1,055	1,117	1,181	4,476	5,030	3,878
Miscellaneous income	9,525	21,425	35,310	41,995	34,488	109,294	140,426	159,332	160,082	150,270
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>5,746,707</u>	<u>5,834,450</u>	<u>5,955,735</u>	<u>6,081,988</u>	<u>6,069,839</u>	<u>6,204,672</u>	<u>6,227,721</u>	<u>6,292,972</u>	<u>6,316,333</u>	<u>6,381,484</u>
Business-type activities:										
Investment earnings	47	22	15	3,231	1,622	14	29	59	67	48
Total business-type activities	<u>47</u>	<u>22</u>	<u>15</u>	<u>3,231</u>	<u>1,622</u>	<u>14</u>	<u>29</u>	<u>59</u>	<u>67</u>	<u>48</u>
Total district-wide	<u>\$ 5,746,754</u>	<u>\$ 5,834,472</u>	<u>\$ 5,955,750</u>	<u>\$ 6,085,219</u>	<u>\$ 6,071,461</u>	<u>\$ 6,204,686</u>	<u>\$ 6,227,750</u>	<u>\$ 6,293,031</u>	<u>\$ 6,316,400</u>	<u>\$ 6,381,532</u>
Change in Net Position										
Governmental activities	\$ 638,554	\$ 688,337	\$ 532,110	\$ 457,529	\$ 119,870	\$ 240,624	\$ 704,145	\$ 477,972	\$ (13,843)	\$ 473,930
Business-type activities	(988)	(3,521)	(2,400)	(3,982)	(1,370)	(15,847)	(6,719)	6,928	(4,077)	(2,184)
Total district	<u>\$ 637,566</u>	<u>\$ 684,816</u>	<u>\$ 529,710</u>	<u>\$ 453,547</u>	<u>\$ 118,500</u>	<u>\$ 224,777</u>	<u>\$ 697,426</u>	<u>\$ 484,900</u>	<u>\$ (17,920)</u>	<u>\$ 471,746</u>

Source: CAFR Schedule A-2

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

Exhibit J-3

	2011		2012		2013		2014		Fiscal Year Ending June 30,		2017		2018		2019		2020	
									2015	2016								
General Fund																		
Reserved	\$ 2,020,610	\$ 2,340,262	\$ 2,517,786	\$ 1,943,371	\$ 1,346,743	\$ 1,510,418	\$ 2,063,967	\$ 2,204,694	\$ 1,871,095	\$ 2,070,545								
Unreserved	100,360	94,879	81,780	84,271	83,470	90,558	92,988	149,485	146,905	77,976								
Total general fund	<u>\$ 2,120,970</u>	<u>\$ 2,435,141</u>	<u>\$ 2,599,566</u>	<u>\$ 2,027,642</u>	<u>\$ 1,430,213</u>	<u>\$ 1,600,976</u>	<u>\$ 2,156,955</u>	<u>\$ 2,354,179</u>	<u>\$ 2,018,000</u>	<u>\$ 2,148,521</u>								
All Other Governmental Funds																		
Reserved																		
Unreserved, reported in:																		
Special revenue fund																		
Capital projects fund	\$ 174,408	\$ 174,408	\$ 174,408	\$ 174,408	\$ 174,408	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service fund	28,156	1	2	3	3	2	\$ 1	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	
Permanent fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 202,564</u>	<u>\$ 174,409</u>	<u>\$ 174,410</u>	<u>\$ 174,411</u>	<u>\$ 174,411</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>

Source: CAFR Schedule B-1

Pohatcong Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

Exhibit J-4

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues										
Tax levy	\$ 5,733,020	\$ 5,810,482	\$ 5,918,358	\$ 6,038,631	\$ 6,034,296	\$ 6,064,155	\$ 6,086,114	\$ 6,129,164	\$ 6,151,221	\$ 6,227,336
Transportation & Tuition Charges	37,541	41,461	-	-	13,445	15,980	-	44,109	20,000	18,100
Miscellaneous	13,687	23,968	37,377	43,357	22,098	110,411	141,607	163,808	165,112	154,148
State sources	1,885,582	2,182,994	2,452,276	2,409,105	2,459,249	2,602,353	2,639,954	2,770,738	2,880,666	2,852,237
Federal sources	205,106	229,378	172,026	163,245	177,369	161,751	164,969	199,928	175,129	167,963
Total revenue	7,874,936	8,288,283	8,580,037	8,654,338	8,706,457	8,954,650	9,032,644	9,307,747	9,392,128	9,419,784
Expenditures										
Instruction										
Regular Instruction	2,073,276	2,120,733	2,068,380	2,255,238	2,257,902	2,114,486	2,194,913	2,294,213	2,483,339	2,392,351
Special education instruction	426,184	438,322	540,937	583,646	552,086	543,539	563,411	509,701	531,707	573,873
Other special instruction	318,514	231,555	258,611	188,576	164,568	172,760	201,177	280,566	263,116	217,777
Other instruction				-	-	-	-	-	-	-
Support Services:										
Tuition	1,169,562	1,544,375	1,709,734	1,708,489	2,179,468	2,368,961	1,727,071	2,004,147	2,359,437	2,000,379
Student & instruction related services	605,862	589,341	630,915	609,453	607,240	643,382	627,058	760,205	599,408	648,952
School Administrative services	149,521	137,020	142,398	149,225	139,078	123,979	127,463	127,604	146,023	141,557
General administrative services	341,343	355,555	364,033	352,579	328,406	381,737	352,881	356,753	367,407	373,545
Plant operations and maintenance	531,949	530,750	533,543	597,092	557,231	453,049	476,215	522,130	597,823	610,896
Pupil transportation	337,236	364,951	305,367	284,568	327,908	366,238	390,263	382,437	438,683	372,524
Unallocated employee benefits	485,216	477,438	661,318	601,477	646,842	763,135	825,262	893,259	999,071	1,046,382
Other Support Services										
Charter Schools	42,148	42,413	49,901	20,398	10,284	-	-	-	-	-
Capital outlay	102,625	111,257	117,164	819,260	481,804	1,960	1,960	1,960	1,960	8,069
Debt service:										
Principal	535,000	570,000	565,000	610,000	635,000	640,000	635,000	655,000	650,000	645,000
Interest and other charges	505,893	486,557	468,310	446,260	416,069	385,070	353,992	322,548	290,333	257,958
Total expenditures	7,624,329	8,000,267	8,415,611	9,226,261	9,303,886	8,958,296	8,476,666	9,110,523	9,728,307	9,289,263
Excess (Deficiency) of revenues										
over (under) expenditures	250,607	288,016	164,426	(571,923)	(597,429)	(3,646)	555,978	197,224	(336,179)	130,521
Other Financing Sources (uses)										
Capital Leases										
Proceeds of Refunding Bonds										
Payment to Refunded Bond Escrow										
Transfers in	134,560					204,514	-	-	-	-
Transfers out	(134,560)					(204,514)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 250,607	\$ 288,016	\$ 164,426	\$ (571,923)	\$ (597,429)	\$ (3,646)	\$ 555,978	\$ 197,224	\$ (336,179)	\$ 130,521
Debt service as a percentage of										
noncapital expenditures	13.8%	13.4%	12.5%	12.6%	11.9%	11.4%	11.7%	10.7%	9.7%	9.7%

Source: CAFR Schedule B-2

POHATCONG TOWNSHIP SCHOOL DISTRICT

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>SREC</u> <u>Revenue</u>	<u>Tuition</u>	<u>Settlements</u>	<u>Classroom</u> <u>Rental</u>	<u>Miscellaneous</u>	<u>Total</u>
2011	\$ 4,161				\$ 8,198	\$ 884	\$ 13,243
2012	2,543				13,663	6,542	22,748
2013	2,067				10,930	24,380	37,377
2014	1,362				8,198	33,797	43,357
2015	1,055		\$ 13,445	\$ 15,000	5,465	578	35,543
2016	1,117	\$ 80,000	15,980		16,395	5,561	119,053
2017	1,181	120,000	-		10,930	2,158	134,269
2018	4,476	150,000	44,109		5,465	1,468	205,518
2019	5,030	150,106	20,000		8,198	1,778	185,112
2020	3,877	150,241	18,100		-	30	172,248

SOURCE: District Records

**Pohatcong Township School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Exhibit J-6

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2011	\$4,879,750	\$205,392,500	\$28,120,800	\$2,532,075	\$99,903,400	\$5,427,300	\$399,300	\$376,245,961	\$28,833,500	\$757,336	\$347,412,461	\$1.650	\$447,666,861
2012	4,432,600	205,114,700	28,232,200	2,530,225	100,816,000	5,427,300	399,300	376,450,589	28,857,500	640,764	347,593,089	1.672	415,658,275
2013	4,279,800	203,759,800	28,720,800	2,570,795	98,698,100	5,276,700	399,300	371,787,845	27,444,900	637,650	344,342,945	1.719	396,514,904
2014	4,876,820	220,378,690	26,285,900	2,522,250	100,336,700	5,355,300	448,700	388,178,959	27,243,600	730,999	360,935,359	1.673	379,426,238
2015	4,427,585	207,531,300	29,171,200	2,499,565	98,463,400	5,375,600	420,600	376,382,883	27,773,100	720,533	348,609,783	1.731	368,077,066
2016	4,568,085	207,285,720	29,489,150	2,441,835	99,383,400	5,375,600	420,600	377,315,083	27,705,600	645,093	349,609,483	1.735	368,557,450
2017	4,786,335	207,819,020	28,187,050	2,460,200	102,223,000	5,375,600	420,600	380,009,198	28,092,300	645,093	351,916,898	1.729	353,829,086
2018	4,766,335	208,477,320	28,130,050	2,460,200	96,516,400	5,375,600	420,600	375,636,683	28,884,500	605,678	346,752,183	1.768	346,752,183
2019	4,657,675	208,726,920	27,787,850	2,472,870	95,481,400	5,375,600	420,600	374,493,593	28,965,000	605,678	345,528,593	1.780	361,679,716
2020	4,534,175	208,122,720	27,578,650	2,473,420	97,951,400	5,375,600	420,600	376,736,874	29,654,900	625,409	347,081,974	1.794	365,220,958

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Pohatcong Township School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Pohatcong Township School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt		Township	Warren County	
		Service ^b	Total Direct			
2011	\$1.399	\$0.251	\$1.650	\$1.056	\$0.790	\$3.496
2012	\$1.426	\$0.246	\$1.672	\$1.114	\$0.761	\$3.547
2013	\$1.468	\$0.251	\$1.719	\$1.115	\$0.778	\$3.612
2014	\$1.673	\$0.000	\$1.673	\$1.066	\$0.750	\$3.489
2015	\$1.479	\$0.252	\$1.731	\$1.123	\$0.814	\$3.668
2016	\$1.490	\$0.245	\$1.735	\$1.165	\$0.737	\$3.637
2017	\$1.494	\$0.235	\$1.729	\$1.208	\$0.760	\$3.697
2018	\$1.223	\$0.235	\$1.768	\$1.223	\$0.771	\$3.762
2019	\$1.280	\$0.227	\$1.780	\$1.280	\$0.757	\$3.817
2020	\$1.577	\$0.217	\$1.794	\$1.344	\$0.754	\$3.892

Source: District Records and Municipal Tax Collector

Note:

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

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

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

**Pohatcong Township School District
Principal Property Tax Payers
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Crown America	\$ 39,860,400	1	11.79%	\$ 32,447,000	1	14.53%
National Realty Dev. Co. (Pohatcong Plaza)	31,984,300	2	9.46%			2.57%
Pohatcong Associates	4,318,850	3	1.28%	4,084,700	3	1.83%
Baer Associates	3,255,800	4	0.96%	3,361,300	4	1.51%
Columbia Gas Transmission Corp.	2,262,100	5	0.67%	1,838,100	5	0.82%
R & F Phillipsburg, LLC	1,641,300	6	0.49%	1,138,500	6	0.51%
Peter Kassis	1,468,500	7	0.43%			
Durling Realty, LLC	1,266,200	8	0.37%	554,200	7	0.25%
Peter P. Dennis Inc.	847,200	9	0.25%	754,700	8	0.34%
Quagmeyer Two LLC	705,000	10	0.21%			
Rodman & Vince Ryan				590,440	9	0.26%
Alba Vino Vineyards				440,400	10	0.20%
Total	<u>\$ 87,609,650</u>		<u>25.91%</u>	<u>\$ 45,209,340</u>		<u>22.82%</u>

Source: District CAFR & Municipal Tax Assessor

**Pohatcong Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 5,733,020	\$ 5,733,020	100.00%	-
2012	\$ 5,810,482	\$ 5,810,482	100.00%	-
2013	\$ 5,918,358	\$ 5,918,358	100.00%	-
2014	\$ 6,038,631	\$ 6,038,631	100.00%	-
2015	\$ 6,034,296	\$ 6,034,296	100.00%	-
2016	\$ 6,064,155	\$ 6,064,155	100.00%	-
2017	\$ 6,086,114	\$ 6,086,114	100.00%	-
2018	\$ 6,129,164	\$ 6,129,164	100.00%	-
2019	\$ 6,151,221	\$ 6,151,221	100.00%	-
2020	\$ 6,227,336	\$ 6,227,336	100.00%	-

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

Note:

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

**Pohatcong Township School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2011	\$ 10,230,000	-0-	-0-	-0-	-0-	\$ 10,230,000	6.70%	\$3,091.57	
2012	\$ 9,660,000	-0-	-0-	-0-	-0-	\$ 9,660,000	6.33%	\$2,943.33	
2013	\$ 9,095,000	-0-	-0-	-0-	-0-	\$ 9,095,000	5.75%	\$2,795.02	
2014	\$ 8,485,000	-0-	-0-	-0-	-0-	\$ 8,485,000	5.37%	\$2,610.77	
2015	\$ 7,850,000	-0-	-0-	-0-	-0-	\$ 7,850,000	4.98%	\$2,421.34	
2016	\$ 7,210,000	-0-	-0-	-0-	-0-	\$ 7,210,000	4.57%	\$2,223.94	
2017	\$ 6,575,000	-0-	-0-	-0-	-0-	\$ 6,575,000	4.00%	\$2,034.34	
2018	\$ 5,920,000	-0-	-0-	-0-	-0-	\$ 5,920,000	3.56%	\$1,832.25	
2019	\$ 5,270,000	-0-	-0-	-0-	-0-	\$ 5,270,000	3.08%	\$1,648.42	
2020	\$ 4,625,000	-0-	-0-	-0-	-0-	\$ 4,625,000	2.60%	\$1,456.69	

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

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

Pohatcong Township School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 10,230,000	-0-	\$ 10,230,000	2.94%	\$ 3,092
2012	\$ 9,660,000	-0-	\$ 9,660,000	2.78%	\$ 2,943
2013	\$ 9,095,000	-0-	\$ 9,095,000	2.64%	\$ 2,795
2014	\$ 8,485,000	-0-	\$ 8,485,000	2.35%	\$ 2,611
2015	\$ 7,850,000	-0-	\$ 7,850,000	2.25%	\$ 2,421
2016	\$ 7,210,000	-0-	\$ 7,210,000	2.06%	\$ 2,224
2017	\$ 6,575,000	-0-	\$ 6,575,000	1.87%	\$ 2,034
2018	\$ 5,920,000	-0-	\$ 5,920,000	1.71%	\$ 1,832
2019	\$ 5,270,000	-0-	\$ 5,270,000	1.53%	\$ 1,648
2020	\$ 4,625,000	-0-	\$ 4,625,000	1.33%	\$ 1,457

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

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

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

* Current data unavailable

**Pohatcong Township School District
 Ratios of Overlapping Governmental Activities Debt
 As of June 30, 2020**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Pohatcong Township	\$ 2,372,039	100.000%	\$ 2,372,039
Other debt			
Warren County	2,205,000	3.318%	<u>73,172</u>
Subtotal, overlapping debt			2,445,211
Pohatcong Township School District Direct Debt			<u>4,625,000</u>
Total direct and overlapping debt			<u><u>\$ 7,070,211</u></u>

Sources: Constituent Townships Finance Officers, Warren County Finance Office and Utility Authorities

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

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

**Pohatcong Township School District
Legal Debt Margin Information,
Last Ten Fiscal Years**

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized valuation basis	
	2017	\$ 360,870,001
	2018	361,478,637
	2019	368,062,640
	[A]	<u>\$ 1,090,411,278</u>
Average equalized valuation of taxable property	[A/3]	\$ 363,470,426
Debt limit (3 % of average equalization value)	[B]	10,904,113
Net bonded school debt	[C]	<u>4,625,000</u>
Legal debt margin	[B-C]	<u>\$ 6,279,113</u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	\$ 13,150,663	\$ 12,535,185	\$ 11,880,364	\$ 11,540,452	\$ 11,215,007	\$ 10,931,228	\$ 10,681,553	\$ 10,681,553	\$ 10,760,254	\$ 10,904,113
Total net debt applicable to limit	<u>10,230,000</u>	<u>9,660,000</u>	<u>9,095,000</u>	<u>8,485,000</u>	<u>7,850,000</u>	<u>7,210,000</u>	<u>6,575,000</u>	<u>6,575,000</u>	<u>5,270,000</u>	<u>4,625,000</u>
Legal debt margin	<u>\$ 2,920,663</u>	<u>\$ 2,875,185</u>	<u>\$ 2,785,364</u>	<u>\$ 3,055,452</u>	<u>\$ 3,365,007</u>	<u>\$ 3,721,228</u>	<u>\$ 4,106,553</u>	<u>\$ 4,106,553</u>	<u>\$ 5,490,254</u>	<u>\$ 6,279,113</u>
Total net debt applicable to the limit as a percentage of debt limit	77.79%	77.06%	76.55%	73.52%	70.00%	65.96%	61.55%	61.55%	48.98%	42.42%

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

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**Pohatcong Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2011	3,333	\$149,708,361	\$45,807 R	8.4%
2012	3,311	\$152,783,148	\$47,098 R	7.8%
2013	3,286	\$152,596,590	\$47,609 R	8.1%
2014	3,262	\$158,290,830	\$49,188 R	5.4%
2015	3,257	\$158,096,250	\$51,010 R	4.4%
2016	3,241	\$157,707,090	\$51,850 R	4.1%
2017	3,217	\$166,710,960	\$53,405 R	3.5%
2018	3,199	\$166,247,874	\$56,058 R	3.0%
2019	3,190	\$171,138,607	\$56,058 *	3.0%
2020	3,175	\$177,984,150	\$56,058 *	*

Source:

^a Combined Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by NJ Dept of Labor

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

R =Revised

P =Projected

* Current figure unavailable

**Pohatcong Township School District
Principal Employers,
Current Year and Nine Years Ago**

Exhibit J-15

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
		N/A			N/A	
	-		0.00%	-		0.00%

Source:
Information not available at municipal or county level

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

Exhibit J-16

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	24	24	24.2	24.2	22.2	23.2	23.2	23.2	23.8	23.8
Special education	6	6	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0
Support Services:										
Student & instruction related services	13	12	12.4	12.1	11.9	8.6	8.6	8.6	8.6	8.6
General administrative services	2	2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	2	2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Central services	1	1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	4	4	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Total	51.0	51.1	51.1	50.8	48.6	47.3	47.3	47.3	47.9	47.9

Source: District Personnel Records

**Pohatcong Township School District
Operating Statistics
Last Ten Fiscal Years**

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2011	347	\$6,480,811	\$18,677	-3.30%	51.00	6.8:1		344.4	329.6	-1.60%	95.70%
2012	352	6,832,453	19,410	3.93%	51.00	6.9:1		351.3	335.9	2.00%	95.62%
2013	353	7,265,137	20,581	6.03%	51.10	6.9:1		348.8	331.4	-0.71%	95.01%
2014	341	7,350,741	21,556	4.74%	51.00	6.7:1		339.0	324.0	-2.81%	95.58%
2015	321	7,771,013	24,209	12.30%	50.00	6.4:1		319.0	305.0	-5.90%	95.61%
2016	305	7,931,266	26,004	7.42%	47.30	6.4:1		302.1	288.2	-5.30%	95.40%
2017	297	7,485,714	25,204	7.42%	42.00	7.1:1		295.5	279.9	-0.01%	94.74%
2018	297	7,485,714	25,204	7.42%	42.00	7.1:1		295.5	279.9	-0.01%	94.74%
2019	295	8,786,014	29,783	18.17%	42.00	7.0:1		293.0	281.5	-0.84%	96.08%
2020	315	8,378,236	26,598	-10.70%	39.40	8.0:1		311.0	297.9	6.14%	95.79%

Sources: District records, ASSA and Schedules J-4.

Note: Enrollment based on annual October district count.

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

**Pohatcong Township School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>District Building</u>										
<u>Elementary</u>										
Pohatcong Elementary (1999)										
Square Feet	89,074	89,074	89,074	89,074	89,074	89,074	89,074	89,074	89,074	89,074
Capacity (students)	731	731	731	731	731	731	731	731	731	731
Enrollment	347	352	353	341	321	305	297	295	295	315

Number of Schools at June 30, 2020
Elementary = 1

Source: District Facilities Office

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

Pohatcong Township School District

GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2020

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
Pohatcong Township School	040	\$ 142,474	\$ 169,834	\$ 173,089	\$ 169,434	\$ 172,734	\$ 133,888	\$ 129,691	\$ 148,929	\$ 143,049	\$ 115,789	\$ 1,498,911
Grand Total		\$ 142,474	\$ 169,834	\$ 173,089	\$ 169,434	\$ 172,734	\$ 133,888	\$ 129,691	\$ 148,929	\$ 143,049	\$ 115,789	\$ 1,498,911

POHATCONG TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2020

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
COMMERCIAL PACKAGE POLICY - NJSIG		
Property-Blanket Building and Contents (fund limit)	\$ 450,000,000	\$ 5,000
Accounts Receivable	250,000	1,000
Builder's Risk	5,000,000	1,000
Fine Arts	1,000,000	1,000
LIABILITY - NJSBAIG		
Comprehensive General Liability	11,000,000	None
Automobile Liability	11,000,000	None
Employee Benefit Liability	11,000,000	None
SCHOOL BOARD LEGAL LIABILITY - NJSBAIG		
Limit of Liability	11,000,000	5,000
CRIME - SAIF		
Blanket Employee Dishonesty	400,000	None
Forgery	50,000	None
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND-Selective Insurance Company		
Treasurer	175,000	
ENVIRONMENTAL SERVICE - NJSIG		
Pollution Liability	1,000,000	None

SOURCE: District Records

Single Audit Section



ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, PSA

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

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Pohatcong Township School District
 County of Warren
 Phillipsburg, New Jersey 08865

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 Pohatcong Township School District Board of Education in the County of Warren, 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 Pohatcong Township School District Board of Education's basic financial statements, and have issued our report thereon dated December 9, 2020.

Internal Control Over Financial Reporting

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

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

-Continued-

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

Compliance and Other Matters

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

Purpose of this Report

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



ARDITO & COMPANY LLC
December 9, 2020



Licensed Public School Accountant No.2369



ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, PSA

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB Circular 15-08

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Pohatcong Township School District
 County of Warren
 Phillipsburg, New Jersey 08865

Report on Compliance for Each Major State Program

We have audited the Pohatcong Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2020. The Pohatcong Township School District Board of Education's major 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 state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of 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 and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the Pohatcong Township School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Pohatcong Township School District Board of Education's internal control over compliance.

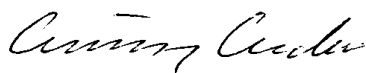
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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



ARDITO & COMPANY LLC
December 9, 2020



Licensed Public School Accountant No.2369

Pohatcong Township School District

K-3

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2020

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	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	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2020			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
State Department of Education:																
Special Revenue Fund:																
TITLE I	84.010	S010A190030	ESEA-1785-20	\$ 47,348	7/1/19	6/30/20	\$ (5,392)		\$ 52,740	\$ (47,348)			-	-		\$ 47,348
TITLE II (A)	84.367	S367B190027	ESEA-1785-20	7,545	7/1/19	6/30/20			3,400	(7,545)			\$ (4,145)			7,545
TITLE IV	84.424A	S424B190027	ESEA-1785-20	10,000	7/1/19	6/30/20			5,925	(10,000)			(4,075)			10,000
Total ESEA							(5,392)	-	62,065	(64,893)	-	-	(8,220)	-	-	64,893
I.D.E.A. Part B, Basic Regular	84.027	H027A190100	FT-1785-20	86,623	7/1/19	6/30/20			86,623	(86,623)			-			86,623
I.D.E.A. Part B, Preschool	84.173	H173A190114	FT-1785-20	2,762	7/1/19	6/30/20			2,762	(2,762)			-			2,762
Total Special Education Cluster							-	89,385	(89,385)				-	-	-	89,385
Rural Education Achievement Program	84.358A	S358B190030	S358A191794	21,287	7/1/19	9/30/20	6,850		-	(21,287)			(21,287)	\$ 6,850		21,287
Total REAP							6,850		-	(21,287)			(21,287)	6,850	-	21,287
CARES Emergency Relief Grant	84.425D	S425B190030	CARES	38,062	3/13/20	9/30/22				-			(38,062)	38,062		
Total CARES							-		-	-			(38,062)	38,062	-	-
Total Special Revenue Fund							1,458	-	151,450	(175,565)	-	-	(67,569)	44,912	-	175,565
Enterprise Fund:																
Child Nutrition Cluster:																
National School Lunch Program (Food Distribution)	10.555	19NJ304N1099	N/A		7/1/18	6/30/19	1,792			(1,792)						1,792
National School Lunch Program (Food Distribution)	10.555	20NJ304N1099	N/A	3,141	7/1/19	6/30/20			3,141	(2,116)				1,025		2,116
School Breakfast Program	10.553	19NJ304N1099	N/A		7/1/18	6/30/19	(122)		122							
School Breakfast Program	10.553	20NJ304N1099	N/A	2,966	7/1/19	6/30/20			2,966	(2,966)			-			2,966
National School Lunch Program	10.555	19NJ304N1099	N/A		7/1/18	6/30/19	(861)		861							
National School Lunch Program	10.555	20NJ304N1099	N/A	23,383	7/1/19	6/30/20			23,383	(23,383)			-			23,383
Total Enterprise Fund							809		30,473	(30,257)	-		-	1,025		30,257
TOTAL FEDERAL ASSISTANCE							\$ 2,267		\$ 181,923	\$ (205,822)	-		\$ (67,569)	\$ 45,937		\$ 205,822

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

Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance.

Pohatcong Township School District

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2020

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2019	WALKOVER/ CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2020			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
STATE DEPARTMENT OF EDUCATION															
General Fund:															
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	\$ 1,420,213			\$ 1,420,213	\$ (1,420,213)							\$ 135,113	\$ 1,420,213
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	84,857			84,857	(84,857)							8,073	84,857
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	268,769			268,769	(268,769)							25,570	268,769
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	34,353			34,353	(34,353)							3,268	34,353
Extra-ordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	-			-				\$ -					
Extra-ordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	69,104	\$ (69,104)		69,104									
Non-Public Transportation Aid	20-100-034-5120-068	7/1/19-6/30/20													
Non-Public Transportation Aid	19-100-034-5120-068	7/1/18-6/30/19	870	(870)		870									
On Behalf TPAF Pension	20-495-034-5094-002	7/1/19-6/30/20	511,738			511,738	(511,738)								511,738
On Behalf TPAF Pension PMR	20-495-034-5094-001	7/1/19-6/30/20	189,846			189,846	(189,846)								189,846
On Behalf TPAF Pension LTD Ins	20-495-034-5094-004	7/1/19-6/30/20	265			265	(265)								265
Reimbursed TPAF Soc. Secur. Contrib.	20-495-034-5094-003	7/1/19-6/30/20	192,111	(8,971)		190,852	(192,111)				(10,230)				192,111
Total General Fund				<u>(78,945)</u>		<u>2,770,867</u>	<u>(2,702,152)</u>	<u>-</u>			<u>(10,230)</u>			<u>172,024</u>	<u>2,702,152</u>
Debt Service Fund:															
Debt Service Aid Type 2	20-100-034-5120-125	7/1/19-6/30/20	149,040			149,040	(149,040)								149,040
Enterprise Fund:															
Nat. School Lunch Prog. (State Share)	19-100-010-3350-023	7/1/18-6/30/19		(35)		35									
Nat. School Lunch Prog. (State Share)	20-100-010-3350-023	7/1/19-6/30/20	787			787	(787)								787
Total Enterprise Fund				<u>(35)</u>		<u>822</u>	<u>(787)</u>				<u>-</u>				<u>787</u>
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ (78,980)</u>	<u>-</u>	<u>\$ 2,920,729</u>	<u>\$ (2,851,979)</u>	<u>-</u>			<u>\$ (10,230)</u>	<u>-</u>	<u>-</u>	<u>\$ 172,024</u>	<u>\$ 2,851,979</u>

Less On-behalf TPAF Pension Amounts :

On Behalf TPAF Pension	511,738
On Behalf TPAF Pension PMR	189,846
On Behalf TPAF Pension LTD Ins	265

Total State Expenditures Subject to Major Program Determination \$ (2,150,130)

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2020

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. 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 GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,045 for the general fund and (\$7,602) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
 JUNE 30, 2020

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 2,703,197	\$ 2,703,197
Special Revenue Fund	\$ 167,963	-	167,963
Debt Service Fund		149,040	149,040
Food Service Fund	<u>30,257</u>	<u>787</u>	<u>31,044</u>
Total Financial Assistance	<u>\$ 198,220</u>	<u>\$ 2,853,024</u>	<u>\$ 3,051,244</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? ___ Yes **x** No

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

Noncompliance material to financial statements noted? ___ Yes **x** No

Federal Awards

Not Applicable

Internal control over major programs:

1) Material weakness(es) identified? ___ Yes ___ No

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

Type of auditor's report issued on compliance for major programs: N/A

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

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

Auditee qualified as low-risk auditee? ___ yes ___ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? x_yes_ _no

Internal Control over major programs:
1) Material weakness(es) identified? _yes_ _no
2) Were significant deficiencies identified that were not considered to be material weaknesses? _yes_ _no

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable? _yes_ _no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

20-495-034-5120-078

Equilization Aid (State Aid Cluster)

20-495-034-5094-003

Reimbursed TPAF Soc. Security

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section II-Financial Statement Findings

None

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with *Government Auditing Standards*.

Section III - State Financial Assistance Findings and Questioned Costs

None

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.

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

STATUS OF PRIOR YEAR FINDINGS

N/A

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